

# NATION'S BUSINESS

December



1926

What of the Next Six Months  
*It ain't gonna rain no more?*



The Big Butter and Egg Man



Jones *Does* Pay the Freight

*Map of Nation's Business, Page 38*

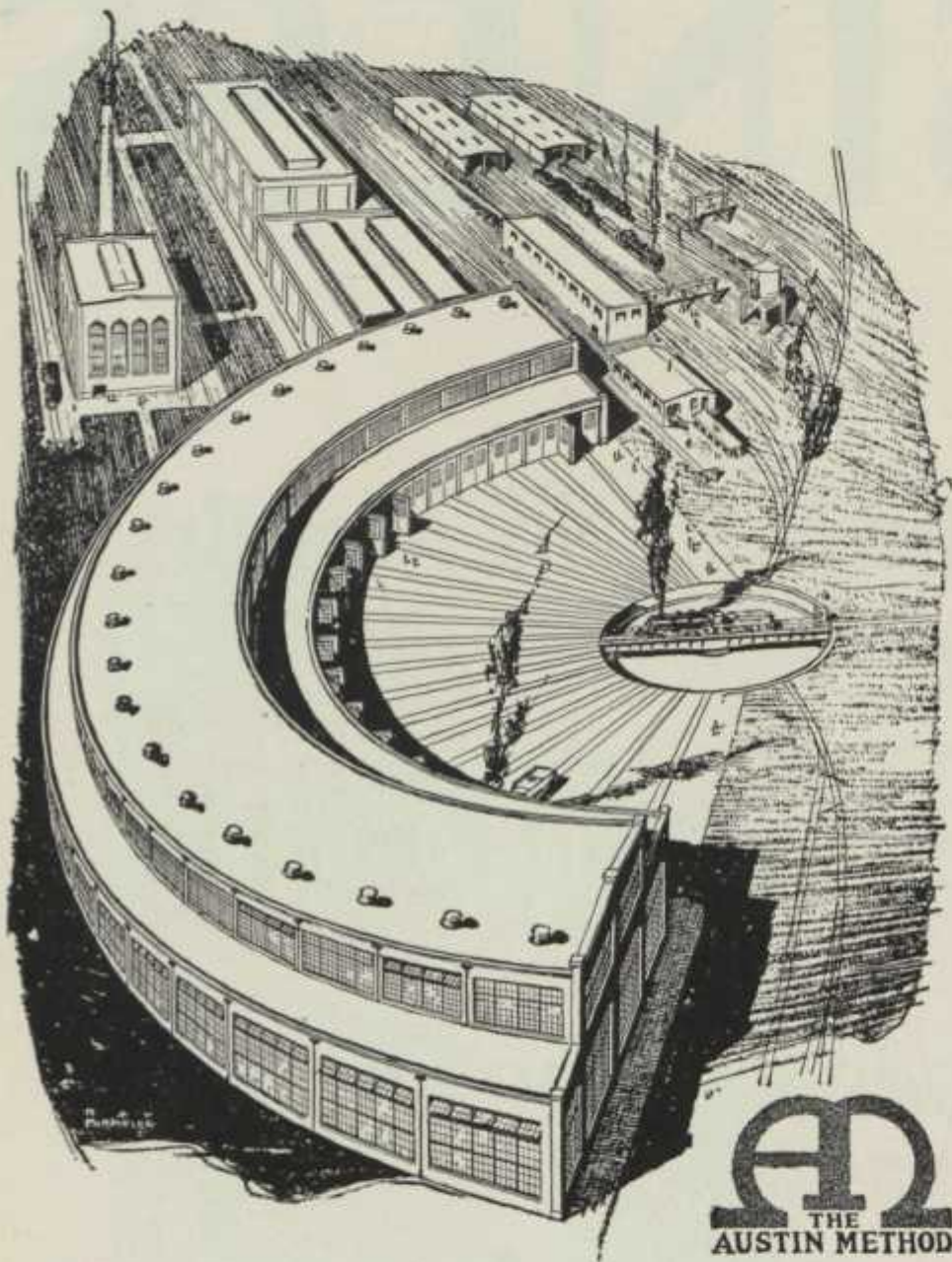


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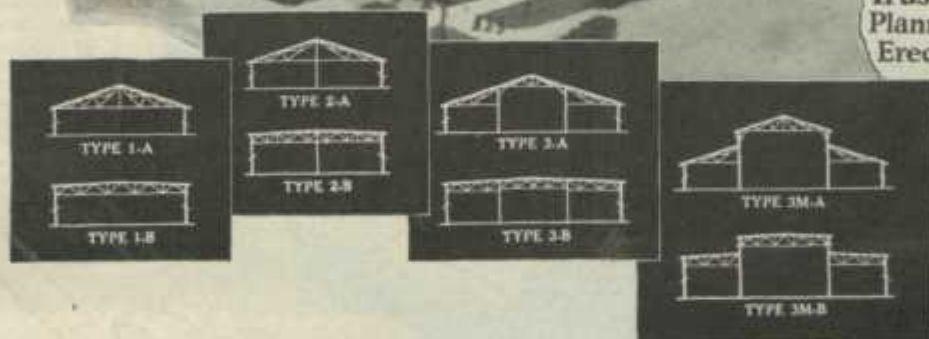
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## Complete Building Service

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No Extras

## To Meet Your Individual Needs

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*Truscon Steel Deck Roofs—  
I-Plates and Perrodeck insu-  
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proofed with built-up roof-  
ing; fireproof, light in weight  
and economical.*

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*Warehouses and Offices in All Principal Cities*

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Send me your free catalog on Truscon Permanent  
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N.B. 12-26





The new Tonnique model wrist watch for women. Hamilton Wrist Watches come in silk ribbon models and strap models. Cases are plain or engraved in white or green gold, 14k and filled. Prices \$45 and \$60.



The Hamilton Strap Watch for men. Square Model. A timepiece of remarkable convenience plus Hamilton accuracy. Green or white gold, 14k or gold filled. Leather strap and luminous dial. Prices \$35 and \$85.

## The Gift of Gifts...A WATCH

### *The watch to give....a Hamilton*



THE "IRVING"

Case of 14k gold filled—green or white; dial shown.

\$68.00

THERE is one gift that makes the giving more than a pretty custom, more than a holiday habit—it is a fine watch. The Hamilton is more than a beautiful watch. It is known the world over for accuracy. For years America's fastest, most famous trains have been timed by the Hamilton. That accuracy, demanded by the modern railroad, will be appreciated by those you wish to honor with your gift.

Ask your jeweler to show you the many beautiful Hamilton models. He has Hamilton pocket watches and strap watches for men, and wrist watches for women.

We have prepared two very useful booklets, "The Care of Your Watch" and "The Timekeeper." We will gladly send both on request. Address Hamilton Watch Company, 895 Columbia Avenue, Lancaster, Pennsylvania, U. S. A.

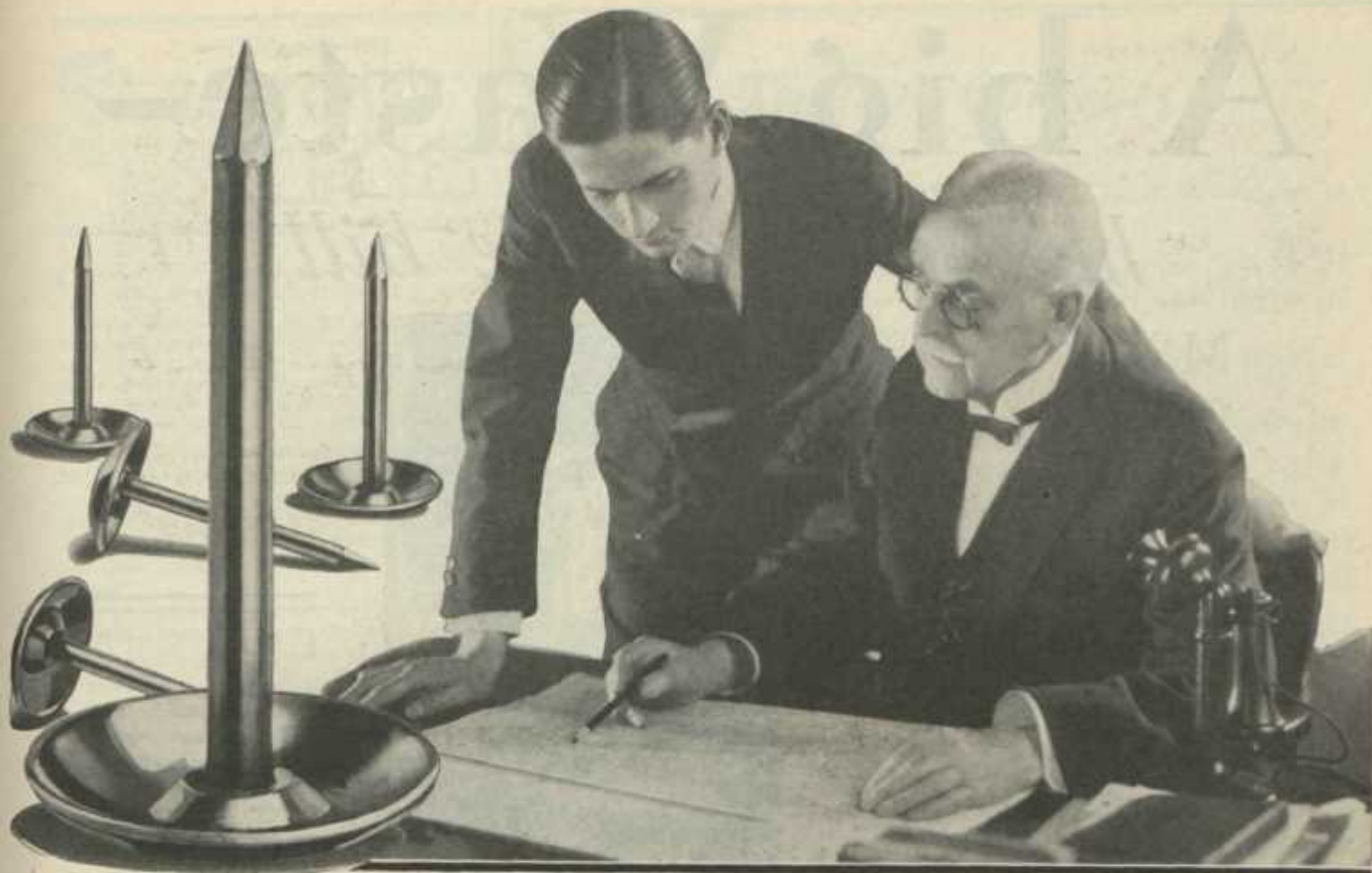
# Hamilton

The Watch of

Railroad Accuracy

# Watch





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**as Low as \$37.50**  
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Use It For:

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"Getting the Most Out  
of Direct Mail Advertising."

☐ Send Latest 3-Color Catalog and  
Price List.

☐ Send Express Prepaid FREE Trial Hand  
Machine. Will Return Freight COLLECT  
unless we buy.

**Convince Yourself—Mail Coupon**

When writing to ADDRESSOGRAPH Co. please mention Nation's Business



# A big Waste-

## *hidden in a little bill*

MANY plant executives think their lubrication cost is the sum of their oil bills.

What they spend for oil is too small to interest them greatly.

But the cost of lubrication is not the oil consumed. It is the cost of what the oil *fails to do*.

Check up your lubrication cost by these items:

Losses due to slowed-down machinery	\$—?—
Losses due to preventable wear	\$—?—
Losses due to wasted power	\$—?—
Losses due to time out for repairs	\$—?—
Losses due to high replacement costs and the incidental oil bill	\$—?—

=====

\$—?—

This totals an amount worthy the attention of every plant executive.

Merely buying good oil will not solve the problem. *Good oil* is a fable. The right kind of *good oil* for machine "A" may ruin machine "B."

The answer is an oil that fits the exact needs of the machine under the conditions in which it operates—and speeds production to its maximum, while preventing wear that causes repairs and shut-downs.

Only lubrication specialists can prescribe the correct oils to meet your needs, with the certainty of



FRICITION  
—the unseen enemy  
of production in  
your plant

safeguarding your equipment while running at its maximum productivity.

The Vacuum Oil Company engineers and field men spend all their time dealing with practical problems of this kind. It will cost you nothing to find out what we can do for you. We invite you to get in touch with us.

IN the course of a year the Vacuum Oil Company is in direct contact with many types of machines, many conditions of operation, and many types of lubrication problems. It is reasonable to expect that this specialized knowledge and experience, if brought to bear on your lubrication problem, will produce better results. All the Vacuum Oil Company asks is the cooperation of your plant personnel, and the opportunity to prescribe exactly suitable oils for your equipment.

## Vacuum Oil Company

Headquarters: 61 BROADWAY, NEW YORK

Branches and distributing warehouses throughout the country



**Lubricating Oils  
for Plant Lubrication**

*When writing to VACUUM OIL COMPANY please mention Nation's Business*





OUR GOOD friend E. A. Palmer, of Tiverton, Rhode Island, writes:

I have finished reading *NATION'S BUSINESS* for November for the second time and just wish to say that it represents the finest production in the way of a magazine to make an up-to-date and enthusiastic American think, and to plan for the future, of anything that I know of.

We would rather be worthy of the quality Mr. Palmer commends than any other. If you should ask us to say, in one phrase, the deep purpose of *NATION'S BUSINESS*, it would be "to help the American business man, big and little, 'to plan for the future,' to think ahead."

In our work, we are constantly reminded of how Colonel Stewart, chairman of the board, Standard Oil Company of Indiana, described Henry L. Doherty. He said:

On a clear day, he can see ahead 25 years.

Henry L. Doherty is the man who, as a boy with \$6 in his pocket, set out to become one of the country's leading public utilities men.

The same description might have been made of 90 per cent of America's successful business leaders. You have said it many times yourself.

You casually remark to a visitor—"That office-boy uses his head." What you mean is that he sees ahead and makes one trip across the building do for two, and the return trip do for another. He is looking ahead fifteen minutes.

You have said it of a minor executive—"He'll get on. He'll run the plant some day."

Again, you estimate his ability by the same quality of looking ahead; of thinking in terms of 1930 instead of in terms of the day's routine, November 4, 1926.

How grateful you are to an assistant who tells you that this should be done "because next July it will mean so and so."

When a man can see far down the road, he speeds up. Incidentally, nearby obstacles shrink to trifles when viewed down the smooth stretch of a five-year purpose.

I heard President David Starr Jordan once quote an Italian proverb to a freshman class:

"THE WORLD STEPS ASIDE TO LET ANY MAN PASS WHO KNOWS WHITHER HE IS GOING."

Every business man who reads this will say: "That's very good advice to a freshman."

Yes, and I am inclined to believe it's the best advice in the world for the business man who desires to extend his operations; to increase his service in his chosen field. That way success lies. Fortune follows foresight.

*NATION'S BUSINESS* is published for the man who is trying to look ahead. It translates and interprets the tremendous changes going on in business today. It cannot write a prescription for each reader. It can only show, in bold relief, these vital changes and trust to the reader to apply them to his own business.

Your morning paper has 50 news items—

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## NATION'S BUSINESS

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber; in all other respects the Chamber cannot be responsible for the contents thereof or for the opinions of writers to which expression is given.



# America's Climate demands this Amazing Lumber

[NOT CUT FROM TREES]

## in every home!

*It makes houses warmer in Winter  
... cooler in Summer ... saves fuel  
... protects health ... Already used  
in 90,000 homes.*

SCIENTIFIC men have known for years that wood lumber, masonry and other usual wall and roof materials used alone cannot give the protection needed in our variable American climate.

In Summer, the sun's heat beats right into the house: causing hot, stuffy rooms.

In Winter, costly furnace heat leaks out fast: causing cold, draughty rooms and wasting fuel.

Then five years ago, an amazing lumber was produced that ends this discomfort and waste ... at little or no extra building cost.

This lumber is Celotex. It is not cut from trees, but manufactured in broad strong boards from the tough fibres of cane. It is enduring ... scientifically sterilized and waterproofed. It

is stronger in walls than wood and many times better as insulation.

People everywhere have adopted it. Already more than 90,000 homes have been built in accordance with this new American building standard.

Thus Celotex takes its place as one of the country's fastest growing basic industries. From a production of 12 million square feet in 1922, the demand for Celotex has increased to a present yearly output of over 220 million feet ... much more than the combined production of all other manufacturers of insulation used for building purposes.

Complete information about Celotex may be secured by addressing The Celotex Company, 645 N. Michigan Ave., Chicago, Illinois.

# CELOTEX

INSULATING LUMBER



all bearing on American industry—the far-reaching effects of which touch every business.

The editorial staff of NATION'S BUSINESS has for its job the sifting of the chaff from the wheat and the presenting of a monthly picture of the great currents of American business life.

We believe that a consistent reader of NATION'S BUSINESS will find the magazine helpful to him in his "look ahead." Such an ideal is most worthy and even an approximate attainment of this ideal would be cause for great gratification.

This is why we like Mr. Palmer's letter.

EVERY twice in a while, we have pointed out in these columns the new competition between industries.

W. W. Woods, of the American Institute of Meat Packers, tells one unusual result of such competition.

A young lady who owns both a phonograph and a radio outfit, bought a set of records giving instructions on bedroom gymnastics.

While she was using one of the records, the Institute came in on the radio with meat recipes.

This is what the young lady got from the phonograph and the radio:

Roll and tie 3½ pounds of short ribs of beef—rise on tiptoes and inhale a tablespoonful of baking powder—sprinkle joints with salt and pepper.

Put hands on stomach and place in a roasting pan or iron pot with a tight cover; with hands outstretched, open mouth and put in one cabbage; draw arms close to sides and let simmer for three or four hours; throw the head far back and add one sprig of parsley; with hands on hips set in oven for forty-five minutes or until completely browned and the juice oozes from the meat; now you are ready for the shower.

"JONES Does Pay the Freight" in this number of NATION'S BUSINESS by Professor James E. Boyle, reminds us of the reply Commissioner Aitchison, of the Interstate Commerce Commission, made to the man who asked him what was a reasonable railroad rate:

"A rate which pleases no one," he said.

SECRETARY HOOVER'S annual report is packed full of things that are of interest and importance. Three of them stand out to us at the moment because they are so much in line with what we have talked in NATION'S BUSINESS.

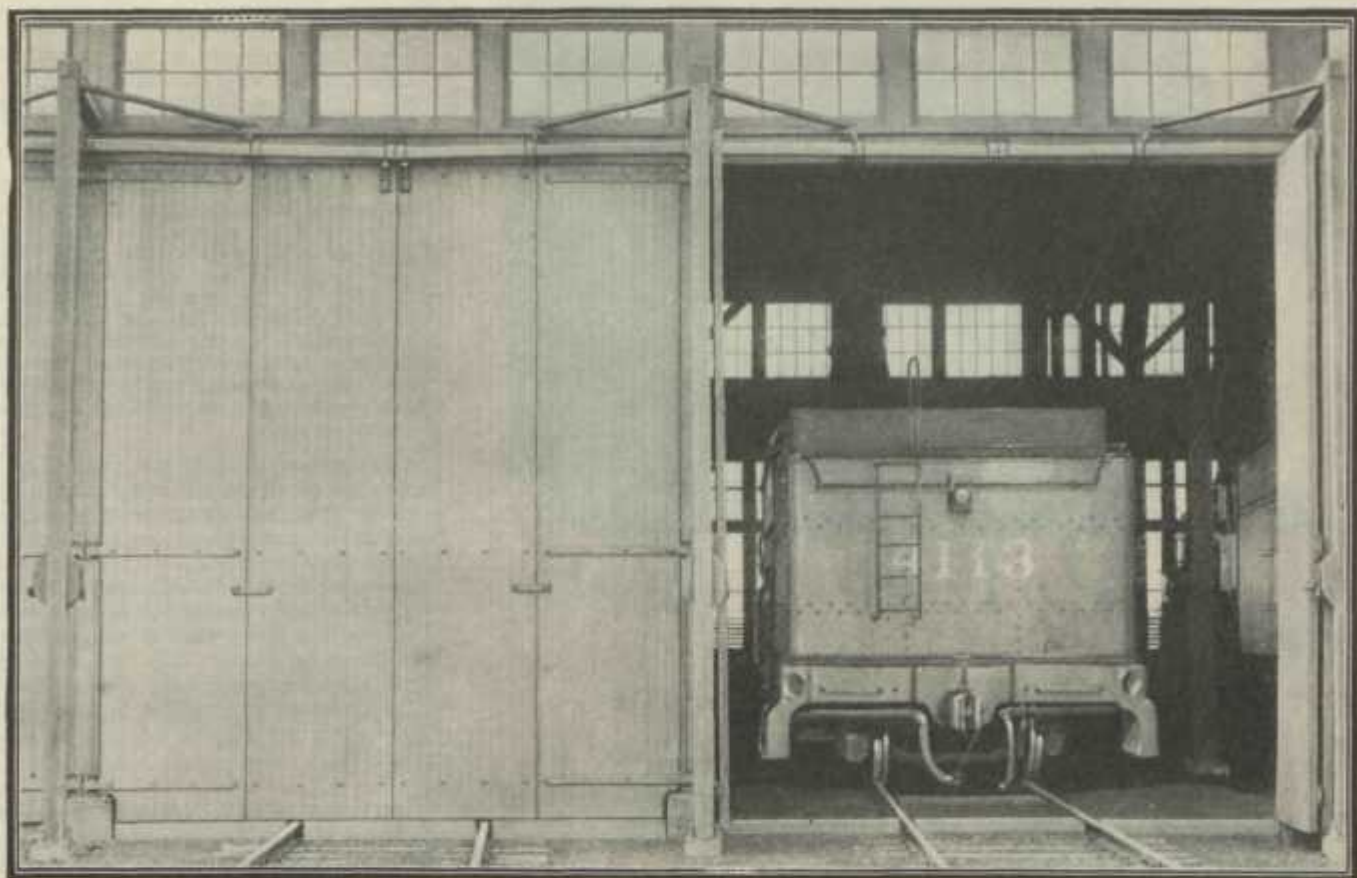
This magazine has devoted much space in the last two or three years to a discussion of the relations between government and business and the continually expanding activities of government. The Secretary undertakes a definition of the relations between business and government, which is well worth attention.

He says:

It is obviously not the function of government to manage business, but for it to recruit and distribute economic information; to investigate economic and scientific problems; to point out the remedy for economic failure or the road to progress; to inspire and assist in cooperative action in reduction of waste—surely all these are well within the proper field of public service.

MR. HOOVER also stresses much the same points in his report as does O. H. Cheney in the leading article in this number. He expresses his belief that we have done much to flatten the curves of the business cycle, with the result that a "very





# On the windy plains of Oklahoma

## *Slidetite solves Frisco doorway problems*

**T**HE FRISCO line had an acute doorway problem at their Oklahoma shops. Doors of locomotive size, open country, high winds, storms—these combined to make frequent and serious trouble.

Then they installed doors equipped with *Slidetite* industrial door hardware. Their troubles disappeared.

*Slidetite* industrial equipment

is the most logical equipment for large doorways. Doors so equipped operate easily and surely, stay where they are put, close smoothly, surely, weather-tight. When open the doorway is clear from jamb to jamb—no obstructions. It is the most practical hardware for any doorway up to 30 feet wide.

*Slidetite* industrial door hardware is sensible economy.



## Richards-Wilcox Mfg. Co.

"A Hanger for any Door that Slides."

AURORA, ILLINOIS, U.S.A.

New York, Boston, Philadelphia, Cleveland, Cincinnati, Indianapolis, St. Louis, New Orleans,  
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## S P I R I T

**I**N establishing a relationship of such duration and significance as the selection of a Chicago banking connection, one of the prime aims always is to become allied with an institution in which every officer and department is genuinely interested in the success of its customers.

That so many thousands of important business and financial concerns have done their Chicago banking here for ten, twenty, perhaps thirty years or more, suggests the character of Union Trust Company service and the Spirit in which it is rendered.

FREDERICK H. RAWSON  
Chairman of the Board

HARRY A. WHEELER  
President

# UNION TRUST COMPANY CHICAGO

*Offering the Seven Essentials of a Banking Home*

Safety - Spirit - Experience - Caliber - Convenience - Completeness - Prestige

*When writing to UNION TRUST COMPANY OF CHICAGO please mention Nation's Business*

large national waste has been to a considerable degree eliminated."

**A**S OUR readers know, we are just completing a series on the work of the American Railway Association and the Regional Advisory Boards, which Secretary Hoover thus describes:

One of the contributions to this success, and a fine example of cooperation between different industries and trades, has been the great service of the regional advisory boards created by the American Railway Association. . . . Transportation needs have been analyzed and anticipated quarterly; car requirements are regularly estimated. The boards have also made studies of markets and marketing methods in the promotion of more even distribution of commodities; they have contributed to the solution of railway problems of better loading and higher operating efficiency.

Let us say it again and yet again: Business can regulate itself and do the job much better than can government by legislative fiat or commission ukase, more efficiently, more intelligently, and with less heart-burning and bitterness. And, instead of destroying the public's confidence in business ideals as always happens when government is called in, business self-rule will conserve and create anew that confidence which is not only the life-blood of American business but is as well the most valuable heritage of America. Selah!

**T**O G. F. STEVENSON, secretary, Western Mutual Life Association, our Fewer-Laws Club is indebted for the following expert testimony which has been filed in the archives:

**TACITUS:** The more corrupt the state the more laws.

**DE TOCQUEVILLE:** There is no country in the world in which everything can be provided for by law or in which political institutions can prove a substitute for common sense.

**BOLINGBROKE:** The greatest mistake is thinking that men can be made virtuous by law.

**S**EVENTY-FIVE years ago, the first white settlers landed at Alki Point, at the entrance to the harbor on which Seattle was to be built. A member of this group of pioneers was R. H. Denny, our good Seattle friend, then less than a year old. Last month Mr. Denny installed, in his home in Seattle, an upstairs extension telephone, which was the one hundred thousandth telephone brought into service in Seattle.

What a vista of communication has unfolded before the eyes of this one man! He saw the birth of the telephone. He saw the United States with 100,000 telephones in 1894. He saw the Pacific coast with 100,000 in 1901; his State of Washington with 100,000 in 1912. And now Seattle, the eighteenth city in the United States, with 100,000 telephones.

As Mr. Denny placed his first call over Seattle's 100,000th phone—which, by the way, was to Mrs. Landis, first woman mayor



R. H. Denny



of a large American city—he saw through the window of his home an airplane speeding to the Sand Point aviation field, not many miles from his original log cabin on Alki Point.

**W**RITING in his column in the distinguished St. Louis *Post Dispatch*, Ralph McQuinn adds a stanza to our anthem, "Dare to Be a Babbitt," as follows:

#### THE MUTINY OF THE MAVERICKS

Lorelei—or was it her girl friend—has opined that a worm is a worm on both sides, indicating that it makes no difference if it does turn. But, of course, the girl is being literal, so the figure of speech will continue to express the phenomenon of an erstwhile spineless creature, goaded beyond endurance, turning on its tormentors and giving them a regular he-man snarl.

The symbolical worm is apropos of recent developments in the ranks of the pilloried Babbitts. For the great army of 100 percenters, so long in ignoble flight before the onslaughts of the intellectual regiments, lately have been checked in their retreat by the sharp commands of their redoubtable leader, *NATION'S BUSINESS*. Already they have launched a counter attack that is promising. It now appears that the forces of Rotary, Kiwanis and Chamber of Commerce will stand their ground and engage General Sinclair Lewis and Field Marshal Mencken in a battle of no mean proportions. *NATION'S BUSINESS* has seized upon some of the intelligentsia's own weapons, chief of which is deadly ridicule, and even at this early date has laid down on the enemy a barrage of nasty horse-laughs.

A lot of us, I think, are on the sidelines whooping it up for the embattled Go-Getters. For maybe, if the Babbitt offensive scores a few cracked skulls, we can all once more be natural now and then without the fear of being ostracized as dull clods.

**O**UR Fewer Laws Club must get on the job! There are alarming backslidings and apostacies. The citadel of our vanishing liberties is again threatened.

*Kalends*, piquant organ of the Waverly Press, Baltimore, says:

"There 'orter be a law" compelling all who cannot sign their names in a legible manner to use thumb prints, and have a competent person print their names over and under the print of the thumb:

Something like this

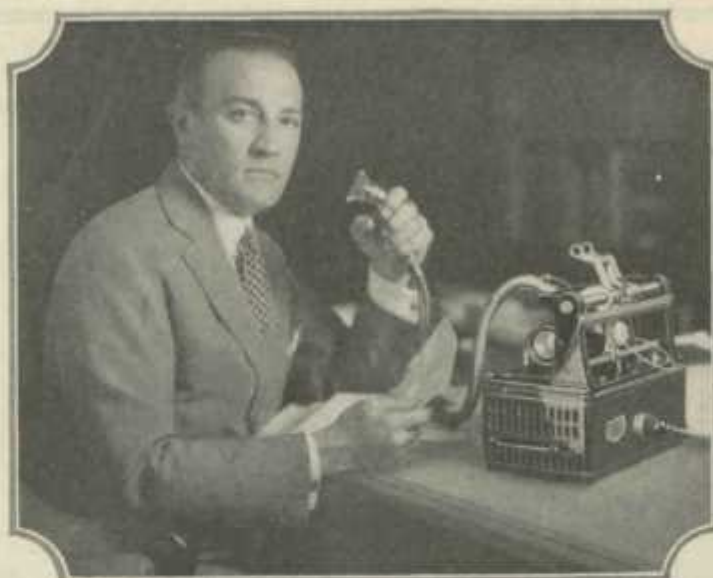
HAPPY  
HIS [O] THUMB  
HARRISON

We've seen just such signatures as *Kalends* complains of—lots of 'em—that look as if they'd been written by hands whose fingers were all thumbs and maybe something ought to be done about it, but please let's not have a law about it. The thought of more inspectors—thumb-print inspectors—gives us goose pimples.

Maybe we're hopelessly old-fashioned, but we hold that the right to sign one's name in a fashion that looks like the plans and specifications of an old Virginia worm fence is a liberty worth going to the mat over. It's about the only one left.

**D. O. LIVELY**, manager of the Washington State Chamber of Commerce, Seattle, reading in a recent number of *NATION'S BUSINESS*, "Junkets Again to the Fore," recalled an experience in Buenos Aires. He says:

A merchant of that city told me of an al-



Edward F. Peters

sole member of the firm of Burch and Peters, Cincinnati, Ohio, finds that The Dictaphone enables him to keep work moving smoothly through his large law office.

## He is organized— in the modern way

Read why this lawyer threw shorthand out of court—then turn to our coupon offer

"Every lawyer, and every clerk, in our offices," says Mr. Peters, of Burch & Peters, "now uses The Dictaphone."

**A** PIONEER in the modern means of delegating responsibility without surrendering it! That describes Edward F. Peters, sole member of Burch & Peters, Cincinnati's largest law firm.

What is that modern means? In the words of Mr. Peters himself:

"We were pioneers here in Cincinnati in the use of The Dictaphone. Today my own work is altogether executive; and I cannot conceive how I could get along without The Dictaphone at my elbow."

That's it—always at his elbow! Always ready to transmut facts and assignments to his associates. And always at their elbow—for them to report back by the same route. Delays and misunderstandings avoided. A written record of every transaction. The modern means of delegating responsibility—The Dictaphone!

When a new case comes into the office, Mr. Peters turns to The Dictaphone on his desk and assigns that case to one of his lawyers in writing. Shortly afterward, back comes the lawyer's preliminary report. Often as many as a dozen reports sift through in a single day. From first to last, every step is put down on paper—via The Dictaphone. Each case has its complete history on file. No forgetting or misunderstanding. No time-wasting conferences.



Mrs. Jeanne Hadley

private secretary to Mr. Peters, feels that she could not keep up with her many important duties if constantly interrupted to take down shorthand notes.

That's how Mr. Peters gets things done. His office is a modern organization. He works through others. He delegates. And the result he achieves would be impossible without The Dictaphone.

And Mrs. Jeanne Hadley, private secretary to Mr. Peters, owes as much to The Dictaphone as does her employer. Independent of interruptions, she now utilizes her time to such advantage that she is of greater value to her employer, assisting him in the intricate work of the Corporation Department.

What The Dictaphone has done in Mr. Peters' office it will do just as well in yours. There's the coupon—waiting for your action.

## DICTATE TO THE DICTAPHONE

and double your ability to get things done

### What's Wrong With Shorthand?

#### Executives say:

"I'm forced to cut dictation short."

"I feel just like dictating but she's gone."

"She can't help me with other things."

"If I could only dictate while it's fresh in my mind."

"If she could only take it as fast as I think."

That's enough! I'll send in this coupon on general principles

### MAIL WITH YOUR LETTERHEAD

Dictaphone Sales Corp., 154 Nassau St., New York City

☐ I want to read what leading executives or secretaries say about increasing their ability with The Dictaphone. Mail me FREE copy of your booklet, "What's Wrong With Shorthand?"

I am a Secretary ☐ Executive ☐ (Check One)

☐ Please notify your nearest office to lend me a New Model 10 to try. I understand that this loan involves no expense or obligation.

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## Night and Day

The City Hall Station of the New York Post Office is on Broadway, directly opposite the Woolworth Building, the home of the Out-of-Town Office of Irving Bank and Trust Company.

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leged "trade-tour" made up of the representatives of chambers of commerce from a number of leading cities. He said they were eager for souvenirs and took liberally of merchandise that was intended for display purposes.

The merchant asked a group what their impression was of Lima, the historical Peruvian city. The men and women of this group seemed to find it a little difficult to place Lima but finally one of the men, with a glad light breaking in his eyes, said: "Lima, oh, yes, don't you remember? That's the place where they gave us the good beer."

Trade tours were at a discount in Buenos Aires, that year, at least.

**AS** CONGRESSMAN William R. Wood, of Indiana, in a recent article in this "guide, philosopher, and friend" of the American business man, said, "Government grows, and grows, and grows," and we might add, "shouting the battle cry of service."

Consider the news items given out by the Government in a morning paper which lies before me:

A bolt of lightning struck a clump of trees near a pond in Maine and paralyzed fourteen fish.

Tortilla is a traditional Mexican food prepared from corn by grinding—not by distilling.

A shorter period on the fire conserves vitamins and mineral salts in foods.

A tornado is a small, violent, rotating wind storm.

Sportsmen's clubs help to stock streams with fish.

The Germans are cultivating a taste for bananas.

Leather made from rabbit skins is poor.

Cooking the filling for squash and pumpkin pie four hours instead of two materially improves the bouquet and succulence of the finished product.

About the only realm of scientific research unexplored by the Government, so far as we know, is the disposition of used safety razor blades.

**WILLIAM PFAFF**, New Orleans, takes pen in hand and writes, anent the paragraph in this column, last month, about the enterprising Wilmington synthesizer who had made a silk purse out of a pig's ear:

But has any one yet succeeded in making a sow's ear out of a silk purse? To me it seems this is a most difficult job. At the opening of the ninth chapter of the sixth book of Lord Lytton's *What Will He Do With It*, we read:

"Saith a very homely proverb, You cannot make a silk purse out of a sow's ear. But a sow's ear is a much finer work of art than a silk purse. And, grand, indeed, the mechanician who could make a sow's ear out of a silk purse, or conjure into creatures of flesh and blood the sarcenet and tulle of a London drawing room."

We're respectfully referring Mr. Pfaff's unique suggestion to the enterprising Wilmington synthesizer, aforesaid, and awaiting developments.

**SEVERAL** times we have issued a clarion call in these columns for an author who would write a book on "How to Resist Salesmanship." It is becoming a national necessity; Item One in the general welfare and common defense, witness the following double-barrelled incident:

A salesman called upon one of our office force the other evening and tried to sell the young lady some silk hosiery. At the end of fifteen minutes, he left without having made a sale. But, in the meantime, the young lady had sold the hosiery salesman a subscription to *NATION'S BUSINESS*. Than which, we say, there is no than whither in salesmanship.

*M.T.*



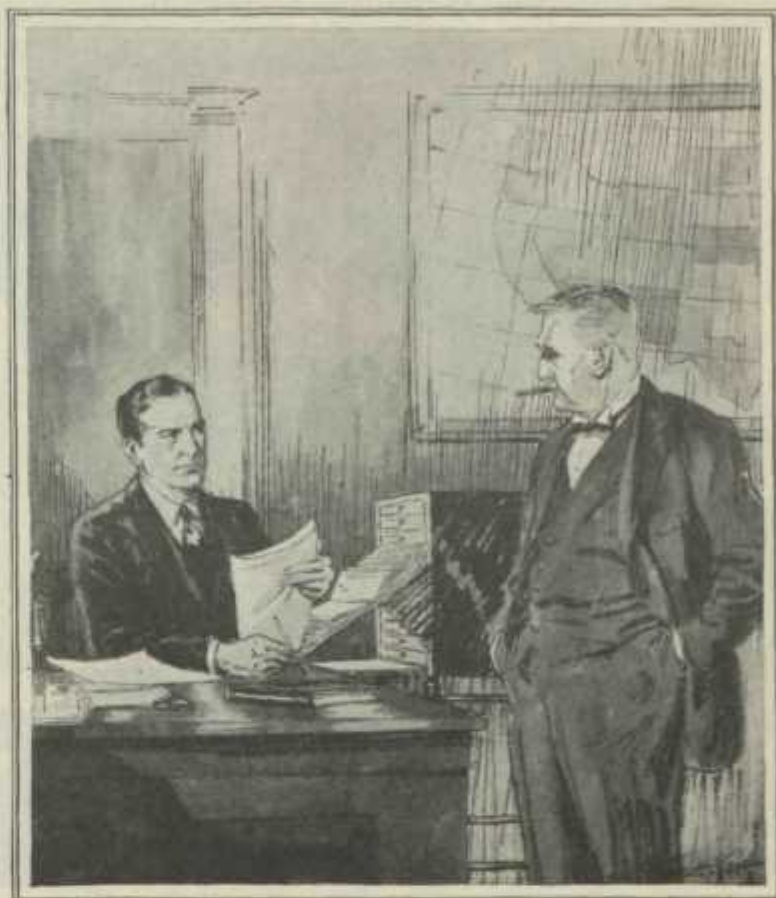
## "What's all this about McCarthy slipping?"

"**W**HY he's the man that closed Consolidated; he's the one that brings in the Drake estate business."

But the manager had proof: "You're right—absolutely. But what else has he done? This record of his shows *those* sales, but mighty little else. Look for yourself."

Up to a year ago, he, like the president, had been dazzled by a few brilliant sales; and both had entirely overlooked the slumps that were now made so obvious on the Acme sales-record card. But that was over. McCarthy must now be helped to get orders in between the annual record-breakers, to sell more items of the line and more to each customer.

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When sending the coupon, please check what you want besides the book.

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## "Three Important Savings Resulted When We Used Duco," they said

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Cash Registers	Scales
Clocks	Street Cars
Dishwashers	Tank Cars
Electrical Fixtures	Telephones
Electrical Machinery	Thermos Bottles
Elevators	Toilet Seats
Furniture, Wood and Metal	Tools
Gasoline Pumps	Toys and Novelties
Metal Signs	Trunks
Office Appliances	Vacuum Cleaners
Pencils	Vending Machines
Pianos	Washing Machines
Plumbing Fixtures	Wire Insulation
	Wooden Handles

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The services of the du Pont Industrial Finishing Engineer are free to business executives. An inquiry about the du Pont Industrial Finishing Service and what it can accomplish in your plant will bring you a copy of an interesting folder, "Imagination, the Business Builder," and other data covering the field of industrial finishing.

E. I. du Pont de Nemours & Co., Inc., Chemical Products Division, Parlin, N. J., Chicago, Ill., San Francisco, Cal., and Flint Paint and Varnish Limited, Toronto, Canada.



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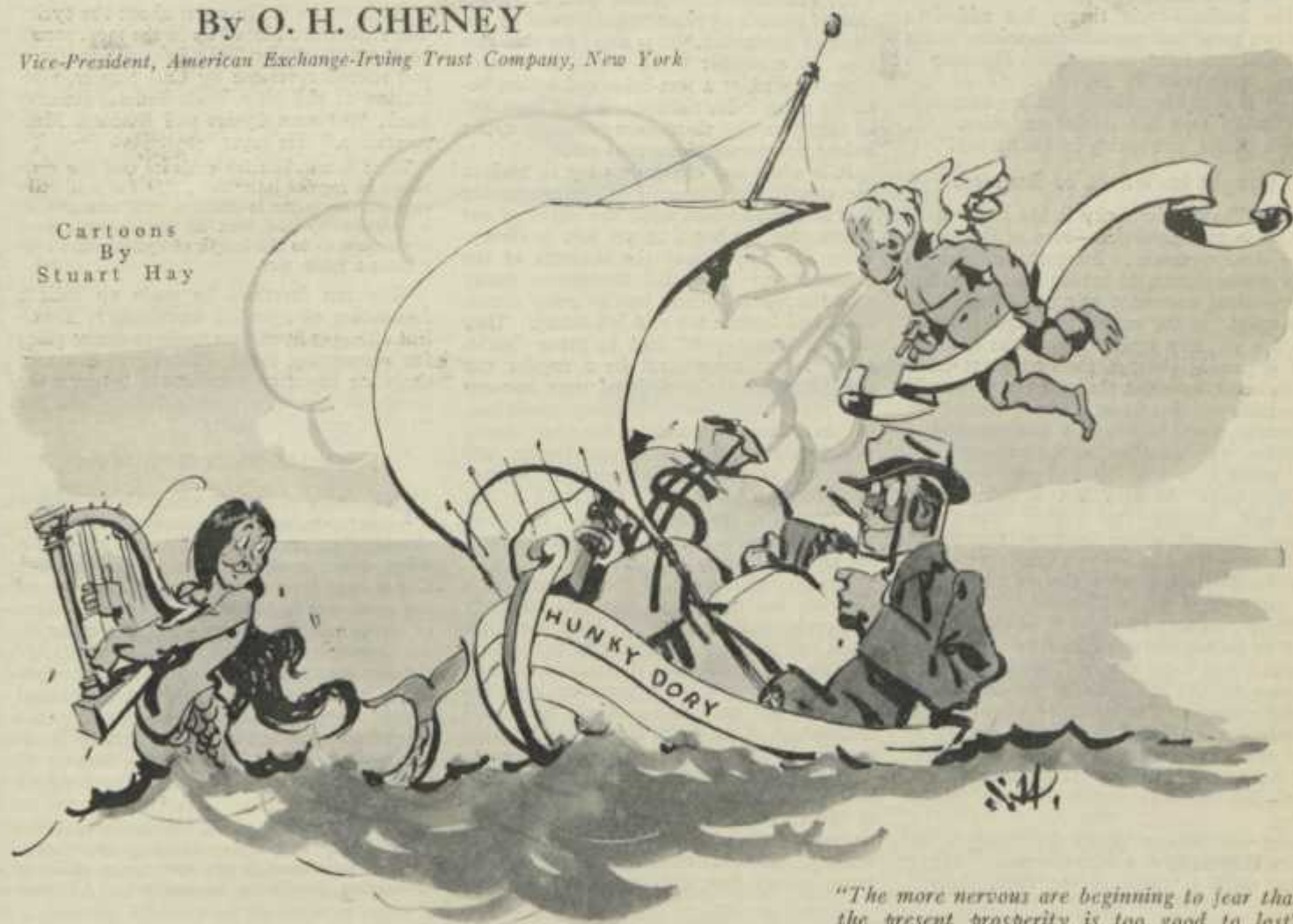
# *It aint gonna rain no more?*

The distinguished banker who, in June, discussed the *New Competition* now writes of the business cycle. If it is gonna rain some more, when is the shower due?

By O. H. CHENEY

Vice-President, American Exchange-Irving Trust Company, New York

Cartoons  
By  
Stuart Hay



"The more nervous are beginning to fear that the present prosperity is too good to last"

"IT AINT Gonna Rain No More" seems to have become the national anthem of American business. For many the business cycle has stopped—they believe that the man who invented it got disgusted with the way the contraption has been working and scrapped it by the roadside.

Life has been one record after another and we have revelled in unprecedented prosperity since the unfortunate days of 1921. Even the past summer has been unseasonably active—it has been a long hard summer of "hibernation" for the business bears.

Spectacular is only mildly descriptive of the picture which even the sober bank reviews and the solemn government surveys have been painting of the past year. The

indexes have vied with each other in overtopping the apparently impossible. Bank transactions, freight traffic, building, automobile output, iron and steel volume, retail sales—all seem to have proved by unquestionable figures and graphs that the prosperity we have been feeling must have been real.

For a time after 1921 the nerves of business were very jumpy but they have been soothed by the most soothing of all medicines—profits—and now only the more nervous are beginning to be unsteady by the feeling that it is too good to last.

It is very annoying—it undermines faith in education—for one to learn something new that is beautiful and true and then to

feel that it isn't quite real. American business men were just becoming educated to the business cycle and now the only practical example seems to be what they can remember of 1921. In the business cycle they have come to picture business as a glorified kind of aqua-planing or chute-the-chute or toboggan slide with the pleasure reversed. They have been led to believe that depression follows prosperity as the night the day—and therefore we must now be having an Arctic summer with an Aurora Borealis.

But, the more pessimistic picture it, here we are soaring along beautifully when suddenly we hit an air-pocket and do a nose-dive and wake up to find a nice gentle economist dressed in white bending over us,



holding our wrist and telling us we'll be better in six months.

I first learned about the business cycle in Sunday school; so that when, several years later, the heavy economists discovered it, I knew that they must be right. Joseph, in the time of the Egyptian Pharaohs, was the first to fool the business cycle. He knew by the old-fashioned charts, which they called dreams, that seven lean years followed seven fat ones; so he stored the grain. Because of my religious introduction to the subject my heart is inclined to be fundamentalist on the business-cycle theory. I cannot criticize it. But my head is always trying to prove that my friends, the economists, may have missed something—that there are many things they do not yet know—that in their mechanistic fatalism they have not given enough freedom to the will of mankind.

The business-cycle theory has added to the two great and popular inevitables, death and taxes, a third depression. Picturing it more optimistically, the principle of the theory is that when the clouds are darkest it is time to look for the silver lining. "If winter comes, can spring be far behind?"

### Caught in Waves of Business

BY ITS very simplicity it has gripped the business imagination—even of those who have short memories. Increasingly, business men are beginning to realize that their fortunes—their economic existence—are somehow caught in the waves of the cycle. What too few of them realize is that the cycle itself is passing through the first great crisis of its existence—that the next ten years will determine whether its long domination of the industrial world will remain unchallenged.

Those who visualize the economic life of the world as a vast squirrel-cage can offer us little help. At least thirteen times in the last half century the United States has passed through severe business depression. If history repeats itself and continues to repeat itself—even if its words are not always the same—then we are doomed.

These prophets of the will of Allah were with us before the war; they have grown in numbers and voice since. They can express a shrug of the shoulders in massive philosophic volumes. The Spengler school of historians has extended the cyclical theory to our whole civilization which, they say, will go the way of all the civilizations of the past—and just like any little stock market boom.

Will our present prosperity come to an end? Will we have a recession soon? Why? What truth is there in the cycle theory?

Must we always face this inevitable end to our prosperity?

There are few, if any, questions which are more vital than these at the present time. If we can answer the last question with a "No," then we are seeking a triumph almost as great as man's conquest of disease—in fact it will be man's conquest over economic disease.

What is there in the cycle theory? Is it only a theory? Is the business cycle really the expansion and contraction of our economic heart or is it simply the imaginative pulse of the observer?

### The Business Cycle Is a Fact

THE business cycle is a fact—as much as any economic phenomenon can be a fact. There is no question that in the United States, as in all industrially organized countries, economic history has been a succession of periods of prosperity followed by periods of depression. It is also true that this type of economic cycle tends to become more marked as a non-industrial nation becomes more industrialized. But it must not be forgotten that there were economic cycles before our present industrial era.

It is when our economists try to analyze the chords and discords of the alternating jazz and blues which make the music of our sphere that we begin to get lost in theory. From the very outset the students of the business cycle have led themselves astray with the word "cycle," just as many economists and laymen are still led astray. They thought that "cycle" had to mean "periodicity"; that there must be a regular rise and fall; that the periods of time between two peaks must, under ordinary conditions, be the same. At first a ten-year theory was popular; then a seven-year theory; and now the idea of a forty-month average has become fashionable. The truth is that not even the proponents of any particular theory of periodicity have been able to force the facts to fit into it.

The second tragedy of the business cycle theorists has been their attempts to study the cycle mathematically. They seek one cause and they try to express its action in a formula, a mathematical equation. The curve may express a mathematical equation some day but until then it should be studied entirely out of the realm of statistical mathematics—by the methods of dynamics.

The curve is the result of a complex combination of economic forces. At any point of the curve its direction is determined by interaction of the various forces of industrial activity, agricultural success, financial pressures, money flow, foreign trade, industrial

relations and political influences. When the economists begin to analyze and resolve the cycle trend into its component forces and to study their nature, their origin and their action, they will begin to understand. When they learn how to measure these forces and how to combine them to find the resultant trend, then the cycle theory will be able to serve mankind.

Until then anyone who attempts to forecast assumes a responsibility greater than that which our knowledge of the subject can bear. Following the enduring pioneer work of men like Professor Wesley C. Mitchell, the development of the economic-cycle theory took two directions—the commercial and the academic. Unfortunately, in some hands, the former is degenerating to the level of stock-market tipping and the other is losing its vitality in the rare atmosphere of the higher mathematics.

What do we really know about the cycle? The answer is summed up in the most recent book on the subject—the informative, frank and scientific volume by Carl Snyder, statistician of the New York Federal Reserve Bank, "Business Cycles and Business Measurements." He says:

There is no objective evidence that the cycle recurs at regular intervals. . . . The subjective element very often invalidates such measures, as is evident by the lack of agreement among economists as to the length of cycles, what constitutes a cycle, etc.

How can forecasts be made on such a foundation of scientific knowledge? Excellent attempts have been made to devise plans for overcoming these difficulties. Some of them are based on correlations between the trends of various economic factors and the trend of general business.

### It Should Work Both Ways

ANY series of figures which shows such a correspondence when studied backwards, should, theoretically, continue to show this when looking ahead. But, unfortunately, this is only theory, because the influence of any economic factor is liable to some sudden or revolutionary change—as, for example, the deposit-loan ratio of national banks after the inauguration of the Federal Reserve System. Some series of figures have been found which show fluctuations which precede similar fluctuations in the line of general business and this is the theory of a number of forecasting systems. Again quoting Snyder's book:

The various methods of forecasting have not given highly satisfactory results. One reason for this was found in the continually changing underlying conditions in business. Although



"Joseph was the first to fool the business cycle. He knew by the old-fashioned charts—which they called dreams—that seven lean years followed seven fat ones, so he stored the grain!"



there have been notable brilliant forecasts of certain economic series by each of the methods considered, there have been also innumerable dismal failures.

There has been too much eagerness to find a quick key to forecasting—a simple, fool-proof abacadabra for the man in the street—a formula for invoking the magic spirits. These methods tend to become a new astrology or new palmistry, not concerned with causes and effects but with guesses at the future. Chart lines, like palm lines, are interpreted if the reader's hand is crossed with silver and we are told that we should beware of a dark recession which does not mean well by us and which will take us on a long journey.

How then, can the cycle theory help us at the present stage of its development? How can it diagnose for us our economic malaria—chills and fevers? We must be good patients and not bite the thermometer that takes our temperature. By careful study of major economic factors, we may forewarn ourselves of danger, but the most helpful study is of those factors which bear immediate relation to the trend of business. They must be causes and effects, although one of the main sources of confusion in current economic and business discussion is the fact that the same factor may be both cause and effect in its relations with other factors and that many important trends are determined by the interaction, rather than the direct action, of several causes.

### Prosperity Not a Gift Horse

"WHAT we do know can't hurt us" is the modern version of the old saying. It is, to some extent, because of the very interest of business men in the business-cycle theory, their talk of business and danger signals and the need for caution, that the present period of prosperity has been prolonged. Banks, business publications, trade associations—all have helped in spreading more light on the basic facts of business. We are getting over the idea of considering our prosperity a gift horse and leaving the economists to look in its mouth. We are groping, at least, towards an understanding of why we have prosperity and how we lose it—and the truth will set us free.

But probably more important than the study of general business conditions is the study of individual industries. The release of the government ban on knowledge has enabled the trade associations to collect and distribute facts and figures of their industries upon which their very existences depend. The continuous and current record of production and consumption can alone exert a powerful influence on the cycle of each industry. And we should not forget that the cycles of each industry together make up the general business cycle.

Business is in many respects like a party of mountain climbers tied together. They help and retard each other—the difficulties or weakness of one affect the strength and progress of all. But it is a matter of degree—in many cases it is possible for great and vital industries to lag far behind the rest and the party still to reach heights of prosperity. That is why we can hardly expect the cotton-mill men to throw confetti in the streets over record car loadings or the farmers to dance round the barn because pig iron production is going up.

It is in the spaces between the curve of general business and the curve of a specific industry that we shall find the major economic problems of the day. When we have learned to interpret these spaces we shall

have gone far towards judging the right or wrong of the wailing and gnashing of teeth which almost every industry performs at some time or other. And when we have learned how to control these spaces we shall have gone far towards the solution of our economic problems and towards the smoothing out of the business-cycle curve.

During the past year, even with widespread prosperity, some industries have stood out far beyond the others—particularly the automobile industry, construction, the railroads and steel. And it is significant that our prosperity to a vital degree depends on these key industries. What would happen to our prosperity if something happened to them? How long can the present record activity in these industries be maintained?

### Affecting the Steel Trade

THE WRITER has no intention of joining the crystal-gazers but it might be well to point out that the prosperity of steel depends on the three others; that the recent activity of the automobile industry has depended on instalment selling, which has increased the sale of cheaper cars first and of the more expensive cars in later months, and that there is every indication that the building shortage is approaching zero.

Another important factor in our current prosperity phase is the marked absence of overproduction and of commodity speculation. The balance between production and consumption has been generally excellent and there is little complaint of excessive inventories. And in the midst of soaring stock markets and real estate booms, commodity price levels show a sober and dignified slow recession.

It has become the fashion in economics to praise hand-to-mouth buying for this happy state—to say that the cautious and conser-

vative purchasing policy of wholesale and retail distributors has forced manufacturers to produce cautiously and conservatively. In fact the hand-to-mouth buyers get much credit for staving off the inevitable recession.

That is to some extent true and it is a good example of how the lessons from one depression and the fear of another may induce wise business policies. But the praise is not altogether deserved—prices and buying are not cause and effect—they are interrelated and interacting phenomena. If commodities in any line had shown any real tendency towards rising prices, we should probably have seen the beginnings of a repetition of 1919-20—overbuying, duplicate orders, bidding up of prices and overproduction.

Money is another essential element in the trend of the business cycle. From one point of view we might with some accuracy say that the business cycle is the result of the "new competition" between industry and speculation for money, but this is probably not so true of the recent period as it was previously. There has been plenty of money available to give industry all it has asked for and enough to feed a voracious security market and a nation-size real estate boom. No real signs of credit stringency have definitely appeared (at this time of writing).

### Money Rates and Business

HOW FAR money rates are a determining factor in stimulating and depressing business is problematical. It may be that this relationship has been overstressed but there is no doubt that the new competition for money works out largely psychologically. Business men have come to accept money rates as a barometer and they may be inclined to react to them to a degree out of proportion to the actual difference to them between high money or low money. But



"There have been innumerable failures in forecasting business weather!"



the question is of primary significance because the money rate has been urged—and to some extent used—as a means for reducing the violence of business-cycle fluctuations. Loud arguments have come from both proponents and opponents of the idea. But whether the effect is psychological or real—or both—there is no doubt that, if used fairly and cautiously, it may well serve to maintain industrial activity and to curb undue speculation.

But how the business cycle will be controlled—granted we know what to do and how and when—is not at all clear. We shall probably drift into methods rather than

decide them. We could choose to have the course of business guided by a government body but it is doubtful whether our national taste would care for centralized economic policy, either Italiane or with Russian dressing.

#### The Harm the Cycle Does

THE bankers might, perhaps, be called upon in the future for more concerted action in this direction. The organization and activities of the Federal Reserve System are a step. But whether there is a definite plan and program or not, the bankers can do much towards enlightening the business pub-

lic. When bankers give up the idea that economics and finance are esoteric arts and will patiently and persistently convey the rudiments to the laymen the business cycle will tend to flatten out.

Until we have discovered the causes of the cycle and devised more effective means for controlling it, much can be done by the individual business man and a great deal more by his associations. Each industry can study and try to control its own cycle; each locality can try to control its own cycle. They can help, particularly in controlling the psychological forces which so often dominate the purely economic ones.

## What of the Next Six Months?

A YEAR ago this month we asked a number of business leaders—men in many lines of industry and in every corner of the United States—to tell us what they thought of the outlook for 1926, and particularly for the first half of 1926. Almost without exception they replied that the outlook was to them extremely favorable. In general, their optimism was justified, for 1926, as business men know, has been a year of new high records in many lines.

This month we have again sought to round up business opinion. We asked largely for our own guidance, but we think the answers worth sharing with our readers.

While there is in no sense a pessimistic note in the replies as a whole, there is a note of caution, a suggestion that 1927, at least for its first half, may see some shading off.

Here are a handful of the replies that give the flavor of them all.

The national business situation appears favorable with a feeling of confidence in the outlook for the balance of this year. Industrial production re-

**Henry M. Robinson**  
First National Bank  
Los Angeles

mains above normal. Distribution at wholesale and retail is at high levels and credit conditions are good; indications point to the latest holiday trade we have known.

General business during 1927 will probably be less than in 1926, although the many strong factors preclude any serious or abrupt decline. There is the likelihood of a decline in the building industry, lower output of steel, less employment and a less favorable agricultural situation which is affected

by the declining tendency in the world price level. The volume of business in the Pacific Southwest territory during the first three quarters of 1926 shows a substantial gain over 1925 in nearly all lines of activity. A continuation of trade and industry at prevailing high levels may be expected during the remaining months of 1926 and the early months of 1927.

Fundamental conditions appear strong and justify the expectation of a large volume of business for the entire year of 1927. Industry is active. Labor is well employed. Mercantile trade is good and the aggregate crop returns are expected to equal last year.

In this territory strong bank deposits are at record heights and money is easy for sound commercial purposes. The demand for funds is good; the agricultural sections are receiving a satisfactory liquidation of farm credits despite lower prices in the case of several crops.

The maintenance of the present state of prosperity through 1927 depends mainly upon the active continuance of building operations or construction work

**George E. Roberts**  
National City Bank  
New York

on a corresponding scale. The restriction of such work during the war and several years following was responsible for the large expenditures since 1922, and these have been a large factor in general industrial activity since. Fluctuations in constructional work

always have been the chief factor in the fluctuations of the general volume of business, and after several years of exceptional activity there is reason to apprehend some falling off. However, in view of the fact that contracting is still in progress on a large scale there seems no reason for expecting that building operations will not be at least moderately good through another year.

There will be some loss of purchasing power to cotton growers on account of the low price of that product, but the cotton manufacturing industry will be a gainer on that account. Nothing in the nature of a financial crisis is to be feared for the resources of the reserve system are only moderately employed. It is to be considered that no major crisis or business revulsion ever has occurred except as the climax of a period of credit expansion and rising prices, when unforced liquidation was under way. No such conditions exist or are in prospect.

There will be no enforced contraction of credit for business is in an exceptionally sound condition, the regular business of supplying consumption wants will go on as usual, and the wants of the American people are always growing and its industries are always being enlarged and made over to suit them. Business does not always stay at the top notch, but no violent recession need be anticipated.

Everybody knows that bank clearings, freight carloadings and other indicators of volume of business have been proceeding at record levels. Every-

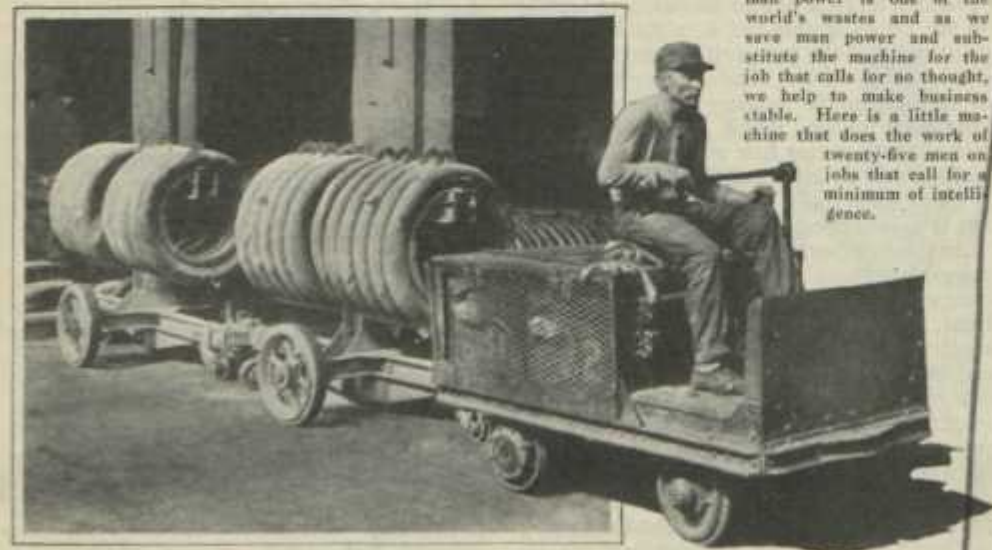
**A. T. Simonds**  
Steel Tools  
Fitchburg, Mass.

body knows that during a period of prosperity the tendency is to mortgage the earning power of the people further and further into the future. Very few know the difference between capital and credit, the first being as inelastic as water and the second being as elastic as air. Everyone knows that high tariffs are followed by low tariffs, and prosperity is followed by depression. Many people believe that by merely talking prosperity that we make prosperity. A pretty good thrashing out of false prophets and unsound optimists would be a good thing for business.

It is good business to estimate that 1927 will not be as good as 1926. The depression may not come till 1928, but the odds are about 3 to 1 that it will come in 1927.

The very favorable factor in sight is the high Federal Reserve ratio. The unfavorable factor in sight is that the Dawes' Plan in

When we wipe out waste we wipe out one of the big factors that contributes to business depressions and business troubles. Waste of man power is one of the world's wastes and as we save man power and substitute the machine for the job that calls for no thought, we help to make business stable. Here is a little machine that does the work of twenty-five men on jobs that call for a minimum of intelligence.





European finance will meet a very severe test in 1927.

There is and always will be an ebb and flow in commerce. My opinion is that the peak of production has been reached and

**James P. Orr**  
**Potter Shoe Co.**  
**Cincinnati**

that there will be an orderly readjustment to a lower level of production, especially in those

lines which have shown abnormal gains during the past year. Fundamental conditions are sound. Money looks as though it will be easy. Credits are not strained.

There is no reason to be pessimistic, but we must realize we cannot go forward forever by leaps and bounds. There must be a time to stop and catch our breath. My opinion is that business will be sound and healthy for the first half of 1927, but somewhat less in volume than in 1926.

Two trends of significance are now visible; first, a gradually declining average profit on business in this country, indicating the stress of

**A. L. Humphrey**  
**Westinghouse Air**  
**Brake, Pittsburgh**

competitive conditions; and second, the nearer approach of a poten-

tial world competition growing out of the conception of a "United States of Europe," the development of the so-called "cartel" system, international in scope, and other practical evidences of economic unity abroad.

Both of these factors point strongly to the necessity of caution on the part of American business; to continued effort in eliminating waste and otherwise reducing cost; to further ingenuity in substituting machinery and power for human labor; to the support of every program—national, state, and local—for "still more economy."

On the other hand, a remarkable efficiency in transportation has practically eliminated large inventories with attendant danger; credit is ample; the diversity of industry, employments, and other sources of revenue in this land are very great; our business leaders are alert to impending developments and quick in adaptation thereto; stability in government seems assured; agriculture, while yet unbalanced in relation to industry, is improving gradually with a corresponding certainty as to the basic purchasing power of the farmer; and many other elements point toward a justification of optimism as to future business activity.

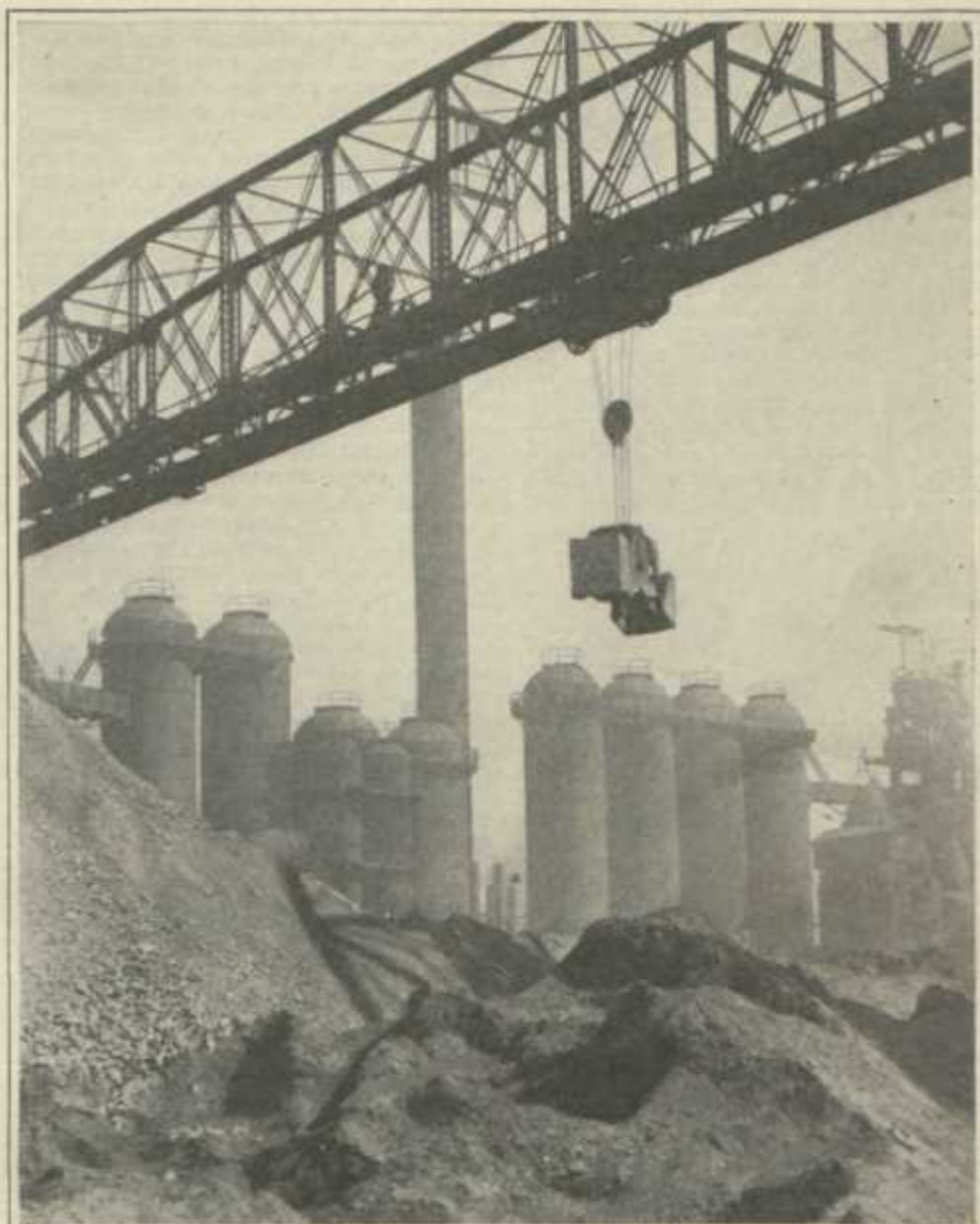
As expressed on many previous occasions in NATION'S BUSINESS, I believe the greatest need of the moment and of our times is a better budgeting and annual distribution of purchasing power by all business interests, but especially through the leadership of those large groups, within whose province lies control of uniform distribution in large measure.

I look forward optimistically for a business during the first half of 1927 equal in volume to, if not far exceeding, what we have enjoyed during the past six months of 1926 at a fair average profit.

Can neither feel nor see anything but optimism in trend of business for first half of 1927. Speculative building has been slackened by high

**John M. Crawford**  
**Parkersburg Rig &**  
**Reel, Parkersburg**

wages. Buying of rails and locomotives is outstanding. Carloadings are extremely satisfactory, as is also the conditions



The steel industry is fairly optimistic, because little or no stocks have been piled up and orders are small but steady. This indicates that consumption is keeping pace with production.

of the iron and steel market. Commodity prices, while declining to some degree, have brought about sane and careful buying, which means safer business.

A good index to the situation is active distribution, insuring employment of labor at equitable wages, and the fact that purchases of commodities, while individually small, have been frequent and, in the aggregate, substantial.

With all uncertainty in regard to crops now behind us I believe that business men generally can plan with confidence for the first six months of

**James Simpson**  
**Marshall Field & Co.**  
**Chicago**

business, conditions are very satisfactory. Merchants have been operating conservatively and stocks are low, fundamental conditions continue in good balance. In all probability there will continue to be an adequate supply of money at low rates for all who are entitled to credit. Europe is making gradual progress in stabilization, and the European influence will be more and more favorable.

The automobile industry may have been traveling a little fast, but many people have thought this for several years, only to see

the industry attain successive new high records in output and in profits. There may have been too much building construction in certain localities, but any slack which may appear in this direction will no doubt be largely offset by great operations in road building and public improvements.

The probabilities are that labor will continue to be fully employed at high wages.

I think the probabilities are for a continuation of substantially present conditions during the early half of next year.

It is my belief that the momentum attained by business in general during 1926 will serve to keep the channels of trade in a

**C. H. Markham**  
**Chairman**  
**Illinois Central**

reasonable degree of activity during at least the early part of 1927 irrespective of minor disturbances which may occasionally develop. This belief is based upon the consistently good trade conditions of 1926 in both wholesale and retail fields, the full employment which has been enjoyed, the steady flow of commerce as evidenced by the record-breaking carloadings during recent months. These conditions should continue.

However, if business shows a tendency to



slow down, such a recession should be only a slight pause to take stock, rather than a marked depression.

The farm situation, which has lagged, is showing some improvement, although it cannot yet be termed actually favorable. The astounding cotton crop in the south, which has tended to depress prices and to affect seriously the buying power of the south, is being carefully handled with a view of averting future trouble. This situation, alarming as it appeared, was much less dangerous than it would have been a few years ago, when there was less diversification of crops in the south. A decline of approximately 30 per cent in the income from the cotton crop today would mean a decline of only about 15 per cent in the total income from agriculture in the cotton states. The increase of industry in the south also serves to offset the loss occasioned that region by reason of low cotton prices.

The readjustment which has been going on in the south in recent years will result in permanent growth and improved chances for a permanent degree of prosperity.

The railroads are continuing to render an unexcelled service, which has a tendency to stabilize both agricultural and industrial conditions. If their earnings can be kept at a fair rate, there is no reason why such good service should not continue.

The agricultural situation being the controlling factor in the northwest, and that being more spotted than any previous year, an accurate business

**Wm. J. Dean  
Nichols, Dean &  
Gregg, St. Paul**

forecast would necessitate a detailed analysis of the crop return in many different sections of the district. The good parts will balance the poor ones; therefore we believe winter and early spring business will be below the average and a buying movement cannot be expected until late spring or early summer, and then only if conditions are most favorable. Dealers are most cautious and unwilling to make commitments unless they can see the way out in the near future. Hand-to-mouth buying will be practiced to the extreme for some months to come.

More sober-minded judgment is gradually but surely gaining the ascendancy in agricultural spheres and as a consequence there will not be such ill-advised pressure brought

**Felix M. McWhirter  
Peoples State Bank  
Indianapolis**

to bear on legislative machinery to enact dangerous economic farm measures in Congress.

The farming interests, through constantly growing cooperation, will employ more fully their present great but only partially comprehended assets to the end that agricultural market will tend to improve and there will be greater stability and contentment in agricultural circles all tending to improve the general economic tone of business.

The dollar of agriculture will increase in purchasing power until it more nearly coordinates with that of industry. Primarily manufacturers and the banking interests will compel sounder distribution financing, particularly with reference to placing installment sales on a sounder economic basis. This may cause some surface disturbances in a way to business failures and tend in some respects to curtail inspired production and apparent consumption. There will be flowing from this a much more healthful undercurrent because of the better balancing of

basic producing with digested consumption.

The necessary corollary of all of this will be continued helpful deflation, gradually placing business generally on what might be relatively styled a sound and normal basis. There has never been any greater cohesion among bankers than exists today. The tone of the entire field of banking has not been so good as now since the close of the war. The bankers generally have never been better informed on economic need of business and the best method of properly serving such needs. With this superior position the entire banking system of the country will exert more and more its influence in the coming months to encourage sensible conservatism on the one hand and curb financial radicalism on the other, thereby greatly aiding the completion of the necessary deflation with beneficial results and a restoration of normalcy to business generally.

There may be expected a gradual but more or less definite general improvement in business and the financial conditions of the country which could be sufficiently expedited by a reduction on the part of the government of present exorbitant income tax burdens on corporations and the establishment of a fixed foreign policy, both commercially and politically, to a point where it might most properly be stated that elements of true underlying prosperity were plainly visible. The first semester of 1927 should continue to prove the essentiality of careful and purposeful conservatism.

I see no clouds on the business horizon. I think we shall enter 1927 with business conditions favorable. I do not, however,

**W. L. Clause  
Plate Glass Co.  
Pittsburgh**

look to see the records for 1926 broken in 1927 to the extent that those of 1926 have exceeded 1925, and I think the business curve is going to run along on a more or less level basis with declines of a moderate character in some lines of activity.

For instance, I should not be surprised to see some decline in building activity, and there may be some other lines in which declines may also take place. However, I think the general volume of business will be satisfactory. We cannot always be breaking records.

Conditions do not warrant optimistic predictions on this coast in lumber business. We are manufacturing more lumber than can be sold satisfactorily, and unless more money can be received for our products an enforced curtailment will ensue and 65 per cent of the industrial pay-rolls in these two states will be seriously affected.

**Everett G. Griggs  
Lumber  
Tacoma**

At the present time it seems that the volume of business this winter in steel, textiles, automobiles, agricultural machinery,

**A. R. Erskine  
Studebaker Corp.  
South Bend, Ind.**

building operations and some others will be somewhat smaller than last winter. The large production of 1926 and reduced buying power in some sections of the country are the undoubted cause of the decline; even though this decline might possibly be 25 per cent below record volume, business this winter will doubtless be of large and profitable proportion.

It cannot always be upon the ascending

scale, and the nation's prosperity does not require that it must be. We have our ups and downs in business, but when the accounts are cast up we generally find good results. There are so many factors, which bear upon the course of business and either make or break it, that forecasts projected far ahead are always risky.

One of the most potent factors is the mental attitude of psychology of producers and business men toward business. The naturally optimistic, courageous and aggressive attitude of American business leaders makes short shrift of slumps, as a rule.

The outlook for continuance of present prosperous conditions in 1927 in territory served by Chicago, Milwaukee and St. Paul railway seems favorable. In some sections of the north-west there was shortage in small grain due to drought, but general business in all lines continues on about same level as last year. There are no present indications of any change at least within next few months.

**H. E. Byram  
C. M. & St. P. R. R.  
Chicago**

With freight car loadings remaining at a peak point as they continue to do, with electric power consumption something over 20 per cent in excess

of last year, with no material unemployment in the country, with an ample supply of money generally distributed, I can see nothing in prospect for the first half of next year but an outlook for good business.

While the size of the cotton crop and its consequent low price is psychologically depressing, I question whether the buying power of the south as a whole will be materially curtailed on this account.

New England, because of the great diversification of its industrial activities and the broad market contacts arising therefrom, has enjoyed a con-

**Stanley H. Bullard  
Bullard Mach. Tool  
Co., Bridgeport, Conn.** stantly increasing general prosperity since the first of the year. No labor disturbances

of great consequence have been experienced and employment, generally, has been on a normal plane, at wages which have not only met the rising costs of an ever-improving "standard of living" but have permitted the building up of greater individual reserves by a larger number of people.

This condition is directly reflected in reports of increased turnover, at better profit, by department stores ("the purchasing agents of the people"), as well as by increased savings bank deposits and enlarged lists of depositors.

Industry itself is, on an average, in a most satisfactory position, even though profits have in some instances been relatively small in proportion to the volume of business transacted.

In these respects New England has reacted to, and had its part in, the general satisfactory conditions throughout the country, and now appears to be in excellent position to meet the problems of the coming year.

The lessons of the deflation period have by no means been forgotten, nor has the stabilizing influence of the Federal Reserve System been without a direct effect in bringing about a better fundamental condition than has been apparent for many years.

By keeping our heads level, our wits



sharpened, and by "tending to our own knitting," we should, during the coming year, maintain our present advantageous position and, as foreign financial and industrial conditions improve in stability—which present reports seem clearly to indicate—possibly even more firmly establish our general prosperity.

The general outlook for business in the first six months of 1927 appears favorable, notwithstanding some not altogether encouraging conditions at the present time. The

**Max W. Babb**  
**Allis Chalmers Mfg. Co., Milwaukee, Wis.**

agricultural situation resulting from unfavorable weather in various parts of the country and the extreme break in the price of cotton will undoubtedly have some effect. At the present time there is slight slackening in certain lines of business, which is probably natural during a period preceding a national election where the control of both branches of congress is at stake. There is a tendency toward increasing caution and conservatism in making purchases with no indication of undue accumulation in inventories.

So far as the power machinery business is concerned, there continues to be an active market for such machinery, due in a large degree to the development and expansion of public utilities by reason of increased demand for service. Improvement of high-

ways throughout the country continues in an extensive way, resulting in demand for machinery and materials involved in such construction. Labor is, generally speaking, fully engaged in most sections of the country at good wages.

On the whole, from an analysis of underlying basic conditions, it would appear that the present business situation is sound and that there is reasonable ground to anticipate a period of sustained good business during the first half of 1927.

There has been a great deal of talk about the general slowing up of business. Statisticians have evolved figures that very definitely prove their predictions; and yet the railroads continue to carry record-breaking volume of revenue freight. When talking to a prominent banker in New York a few days ago, I used this illustration and, to my surprise, he very promptly and positively took the position that railroad records were not convincing so far as he was concerned, that car loadings merely indicated the good volume of business that prevailed last spring.

In this I could not agree because I happen to know that some twenty odd concerns, of which I am a director, almost without exception are not selling very far in advance and their volume is largely kept up by day

to day orders. I am a director of a steel company. The secretary of this company some weeks ago presented a very satisfactory report of earnings for the year, but went on to state in his written report to the Board that he anticipated a sharp falling off in business during the last quarter of the year as their bookings were badly off. A few days ago at another meeting, the report showed that volume was keeping up, and while future orders were not large, orders for immediate shipment were coming in steadily and in a satisfactory volume.

With the Southern Railroad, the premier line of the south, reporting weekly record earnings; the C. & O., N. & W., L. & N. and Coast Line prosperous beyond all expectations, I can't become very much excited over the cry that the South is broke. With the Steel Corporation reporting record earnings monthly, and many other manufacturers, whose monthly statements I have the opportunity of reviewing, running at from 80 per cent to full capacity, it does not look as though the East is likely to suffer. The northwest is highly prosperous, as is also the Pacific Coast. The Middle West is complaining as usual. The results of the elections are disturbing—not so much as to who was defeated or who was elected, but it shows a spirit of revolt from the established order of things. This is the cloud that I see on the horizon. That that cloud may develop into an economic earthquake is possible.

# The Big Butter and Egg Man

By ALFRED PEARCE DENNIS

Member, United States Tariff Commission

Cartoons by Charles Dunn

**T**HE WRITER has been hoping that some champion would rise up and speak a good word for the much maligned Butter and Egg Man. Current legend has it that the big Butter and Egg Man in search of adventure periodically kicks over his milking stool or locks up his hens and, from somewhere back in the sticks, hies himself to the city to sin for a season. Long of cash and short of brains, he has his little day as good fellow, wine opener, angel for fair ladies of the stage. Then he returns to recoup in vulgar trade. Such is the Butter and Egg Man as depicted in the jests of paragraphers and comedians.

## Who's Ridiculous?

**I**S THE Butter and Egg Man so ridiculous? Is he a useless excrescence on our body politic and economic?

In attempting to identify the typical Butter and Egg Man it may be conceded at once that he is not the original producer of his wares. Sir John Sinclair is said to have danced one evening in a broadcloth suit which the day before had been wool on the back of a sheep. Who in this case was



## BABBITTS!

Big Butter and Egg Men!

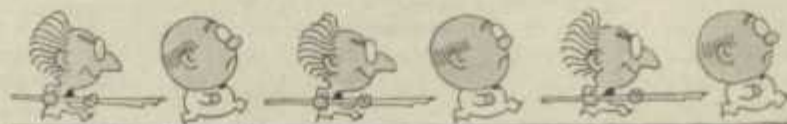
Gibes hurled at business as little boys stick out their tongues and call names!

But isn't the Butter and Egg Man big? Isn't the man who keeps the flow of food to your breakfast table doing something fine?

We praise the hardy pioneer who raised his own eggs and made his own butter. What of the men who have made it possible that 6,000,000 men and women living in one group shall not be without their daily food?

A nation without literature, without art, may be a nation without a soul, but a nation without "the Butter and Egg Man" would be a nation without a body.

There's romance and greatness in the Butter and Egg Man, as Mr. Dennis points out. Business isn't all the world; but a world that despises business, that turns up its nose at "trade," is a world out of tune.—The Editor.



the primary producer, the energetic Sir John who engineered the enterprise, the tailor, the weaver, the spinner, the herds-

man, or finally the sheep?

Our concern in this investigation is not with the cow and the hen as original producers. We may also acquit the farmer of being a boob millionaire. With 90 per cent of our farmers, the butter and egg business is a side line. Our farmers are not splurging in the cities on pin money.

## Shivering Farmer

**F**EW STOP to realize the painful effort which lies back of our daily comforts, such as the morning's milk which appears upon one's table.

Few think of the shivering farmer milking cows at three o'clock in the morning. Fewer still take into just account the brains, industry and creative purpose that have gone into the business of setting, at a reasonable price, fresh butter and eggs on our breakfast table every morning in the year.

Just about two billion pounds of commercial butter are produced yearly in this country along with two billion dozen eggs. We could build a few pyramids of Cheops with butter, and the eggs, if placed end to end, would girdle the



earth thirty-four times at the equator. (These computations have been figured with the stub of a pencil on the back of an old envelope containing a past-due bill and are subject to possible revision.) At any rate two billion pounds of butter and twenty-four billion eggs constitute a pretty fair jag of stuff, after a manner of speaking.

### Two Billion, Plus

THE value of American dairy products now ranges above two and one-half billion dollars annually, or in excess of the value of any farm crop. Moreover, this business is growing like the gourd of the prophet. Delivery wagons now draw up to our great industrial plants at noon hour. These wagons contain bottles of milk where wagons in other days contained bottles of beer. Ice cream eating has become almost a cult in the United States. All other countries in comparison are simply nowhere as ice cream devourers. We eat twice as many eggs as any other people on earth and supplement our enormous production by importing Chinese dried eggs by the carload.

The great problem of perishables is one of distribution rather than of production. Eggs and dairy products are highly perishable. One discovers little poetry or profit in rancid butter or addled eggs. In the old days before the rise of the big Butter and Egg Man, these perishables had to be sold on a short market tether.

Eggs and cream produced in Nebraska are one thing in Nebraska and another thing in New York City. The oldest eggs we know anything about are six-million-year-old dinosaur eggs recently discovered by American scientists in the Gobi Desert. But these are fossil eggs. Gentlemen prefer fresh eggs.

### More Eggs in the Spring

OUR peak production of eggs coincides with early spring months of the year. Along about March eggs are plentiful and cheap. The big egg man displays his creative genius just here. He takes a highly perishable and seasonal product, endows it with longevity and spreads it in orderly distribution over the entire year. He employs in his craft weapons for the conquest of time and space, such as cold storage and the refrigerator car.

Cracked and defective eggs that are not eligible for cold storage, he breaks and freezes. This is a clear saving all around. Frozen eggs put up in 5-gallon cans are used by the baking and confectionery people. The output of frozen eggs in this country has

more than doubled since 1921 and amounted last year to 85,000,000 pounds. This means complete utilization of a valuable

The American farmer today is only a minor factor in the making and distribution of butter to the larger markets. In the last twenty-five years the American production of farm butter has been cut from 1,100,000,000 pounds to 590,000,000 pounds, whereas the factory production has increased from 400,000,000 to 1,400,000,000 pounds. Ninety-three per cent of the total factory output of butter in 1923 was produced in the central western states.

### Factory Butter

FACTORY butter is manufactured under two forms of organization. In districts where milk is produced intensively, the farmers take their milk to co-operative creameries and the creameries assume the job of producing and distributing the butter. In the sparse dairying areas independent operators buy the cream from individual farmers. These independent operators draw cream sometimes from a distance of 400 to 500 miles. Cream shipped from afar is like to become sour, but brains, mechanical technique and money have gone so far in the operation of these great centralizers that inferior raw material is converted into high score butter comparable in quality to the best butter turned out by the cooperatives.

In our industrial development the great butter-making central-

izers may be compared to the huge machine shops turning out, let us say, cheap automobiles through the economies of mass production. Centralizers now produce a half a billion pounds of butter annually, or approximately 38 per cent of our entire factory production.

They are producing butter so well and cheaply that many farmers are finding it profitable to sell their milk and buy centralizer-made butter.

### Comparative Values in Men

THE big executives who run these plants represent in the dairying world what Henry Ford stands for in the sphere of automobile production.

The big Butter and Egg Man is delivering us from the invisible hazards of addled eggs and rancid butter.

As noted, the big egg man confers added flexibility to distribution by heavy imports of Chinese dried eggs. As to these dried eggs which are shoveled out by the ton to our cake bakers and confectioners, customers may now be assured that there is no adulteration by the use of lizard eggs. In



Terrible predicament of St. George of the High Mind who having slain the last big butter and egg man, finds —→

product which would otherwise run to waste.

New forces of thought, feeling and aspiration have swept over the world since the war. The hideous waste of war—waste of human lives, waste of goods, waste of energies, endless, tantalizing waste. Since the war the creative energies of the world have been bent as never before upon the elimination of waste—the waste of gluts, the waste of haphazard marketing. The big butter man like the big egg man is a true conserver. He has conferred upon us the blessing of orderly distribution.

Under the old haphazard scheme of the seasonal distribution of perishables, we suffer from either a feast or a famine, surplus butter turning rancid on one's hands in months of flush production, the customer's money wasted in months of scarcity.

### Not a Literal "Egg" Man

THE big Butter and Egg Man is not the farmer who keeps cows and hens. He is the man whose industry and creative genius have marshalled these vast natural resources and dealt them out without waste to the benefit of both countryman and townsman.



1921 the matter was investigated in the British Parliament.

One honorable member contended that Chinese lizards do not lay eggs, but bring their young into the world alive. Others upheld the egg theory. It turns out that some lizards lay eggs and others do not, and that the egg layers are pitifully small lizards laying despicably small eggs. Collecting lizard's eggs would therefore prove too picayune a business even for a Chinaman.

The big butter man has a real problem on his hands when it comes to other fats for food. A fair substitute for butter has been made for years from hard animal fats, such as beef tallow. The German chemists have gone further. Hard put to it during the war for animal fats, they succeeded in turning out a rather fair substitute for butter and lard from both fish and vegetable oils.

### Margarine From Whale Oil

AN amazing amount of chemical technique and trade strategy have gone into the business of turning stinking inedible whale oil into margarine. The Germans and Swedes have done it successfully. These fish oils must, of course, be deodorized, hardened into fats and the acids removed. After being washed, dressed and perfumed, after a manner of speaking, they present a simulacrum of butter fair to look upon and with good keeping qualities, but at best a pale and insipid substitute for the best creamery prints.

Then, too, the coconut and soy bean oils by somewhat similar processes are converted into fair substitutes for butter. Thus you may discard the milking stool for a step-ladder and go to the top of a coconut tree rather than to the cow in pursuit of butter.

Of course, the big Butter and Egg Man is the victim of a euphonious phrase. Some writer of musical comedy wishing to lampoon the rich vulgarian hits on the Butter and Egg Man when he might just as well have made his jest in terms of the Hay and Feed Man, the Hide and Leather Man, or the Coal and Wood Man. This is a big world with all kinds of people engaged in all kinds of trades and professions—tea tasters, tripe smellers, xylophone players, herb doctors.

### Theatrical Slang

"THE Butter and Egg Man" was first a bit of Broadway theatrical and night club slang.

"Who's Flossie's new boy friend?"

"Oh, he's a big Butter and Egg Man from the West."

The phrase drifted to the stage and finally a play called "The Butter and Egg Man" was produced.

It is perfectly useless to ask for logic

where efforts at humor depend on the illogical. It is superfluous, therefore, to point out that according to the dictum of actual circumstances, the Butter and Egg Man is a townsman, a man who does express, in creative work of the highest importance, the adventuring and pioneering genius which distinguishes the business of this great western industrial civilization.

### "Big" in Contemptuous Sense

IT ADDS rather than detracts from his importance to be designated as a "big" Butter and Egg Man. The wisecrackers employ the adjective "big" in a contemptuous sense just as the adjective "poor" is applied to a fish. Speak of a man as "a fish" and the jibe is rather pointless, but term him a "poor fish" and the phrase becomes redolent with patronizing contempt.

Now the bigger the butter and egg operator, the greater should be our respect for him. The mere fact that anybody with a small capital can engage in selling butter and eggs means that the big man, or the one who succeeds in an intensely competitive game, must be a man of unusual business shrewdness and capacity. Anybody can go into insurance or real estate selling, yet perhaps only one out of ten thousand becomes a big operator in real estate or leader in insurance business.

Consequently the adjective "big" as applied to the Butter and Egg Man is an un-

of the same thing turns by natural inversion into its contrary, we shall soon exhaust the poor little butter and egg jest, but what we will not exhaust so speedily is the snobishness and shallow thinking which lie behind these sorry class and occupational caricatures.

La Rochefoucauld, the cynic, remarks that there is something not altogether displeasing even in the misfortunes of one's friends. There is something in human nature which tends to set up compensatory devices against inferiorities. An indifferently successful man extracts a good deal of complacent satisfaction from the troubles and weaknesses of the rich. We find it amusing to see somebody else get the worst of it. This trait as expressed in its lowest terms finds illustration in the delight which crude mentalities derive from the use of the slapstick in a burlesque show. Why anyone should howl with amusement at witnessing an imitation meat axe brought down on the false skull of a counterfeit actor, or a custard pie projected into the face of a tenth-rate Thespian, passes the writer's understanding.

### A Mechanism of Defense

THE endless jibes at the crude materialism of rich senators, rich Jews, rich pork packers, rich butter and egg men, are an expression of the defense mechanism which the public sets up against its own failures and inferiorities. Like every other people in the world, we have our national snobberies and false perspectives.

We lampoon our men in trade as Babbitts when pretty nearly every mother's son of us would be only too delighted to get into trade if it would assure us handsome profits. It is one of our national hypocrisies to be always declaiming about democracy, applauding the sentiment that one man is as good as another (or even a little better). But the moment royalty sets foot on our shores we abjectly grovel in paying idolatry to caste.

Denmark may be conveniently pictured as the big Butter and Egg Man of Europe. The general level of prosperity, education, and intelligence in Denmark is about as high as any country in the world. The backbone of the country's business is the export trade in butter, eggs and bacon.

The big Butter and Egg Man has not much time for fooling or being be-fooled. He is in one of the most highly competitive games in contemporary big businesses. The factors in success here, as in other

big businesses are clear thinking, good judgment, industry, honesty, sense of proportion.

— that there are no  
more butter and eggs  
for breakfast !



conscious tribute to his shrewdness and general capacity for business.

In this fluid world of ours where too much



# Jones Does Pay the Freight

By JAMES E. BOYLE

*Professor of Rural Economy, Cornell University*

*Illustrations by Cesare*

**V**ARIOUS farm organizations are making a vigorous campaign to secure lower freight rates on agricultural commodities produced in the middle west. The reason for this action is easy to understand. Nature has placed this part of the continent a long way from the Atlantic seaboard.

On the other hand, most of the large food-consuming centers of population are located near the seaboard. This touches the Midwest farmers' pocketbook nerve. Thus the Illinois farmer, with a carload of corn ready to ship to Boston, finds the freight on this corn to be twenty-two cents a bushel. When this sum is deducted from the price of his corn he does not have enough left, he feels, to pay costs of production plus a reasonable profit.

The campaign for lower freight rates for the farmer is based on the hypothesis that the farmer pays the freight on agricultural products. Is this assumption correct?

Now, who does pay the freight?

The wholesaler says he does; the retailer says he does; the ultimate consumer says he does.

The farmer says, "Yes, that may all be true, but the freight is deducted from the price I receive, so I pay the freight."

The wholesaler and retailer may be left out of the problem, for it is perfectly obvious that if they stay in business at all, they do so only by passing the freight on to the next buyer. When it gets to the consumer, there is no further chance to shift the burden, unless, as the farmer contends, it falls on him by a deduction from his selling price. The discussion narrows down, then, to two questions, does the consumer pay the freight? Or, does the farmer pay the freight?

## Rates and Certain Regions

**E**XAMINE the claims of these two in turn. And note the final answer which the economists have worked out—and they think successfully.

But first, notice briefly the railroad's place in the discussion to this riddle of the freight.

The serious thing about a railroad rate is the change in the rate. Changes in freight rates, or changes in the transportation service itself, will often make or break the region affected thereby.

Examples of shifts in agricultural production due to these two causes are very numerous. The classical example is that of New England. Cheapened transportation of grain and hay from the West has now put over half the farm land in New England out of use.

A more specific example, but less widely recognized, is that of peach growing in Georgia. Here is a state now shipping out fifteen thousand carloads of peaches a year. Yet thirty or forty years ago the few commercial peaches grown in Georgia were put in small boxes, sent by express to Savannah, and thence by boat to New York and Philadelphia. Now these peaches move in refrigerator cars on passenger train schedule.

It was the introduction of the refrigerator car service which developed the peach in-

dustry of Northwest Georgia, and raised much of this hill land from one dollar an acre to fifty dollars. This means comfortable homes instead of log cabins on the hills; village streets of brick buildings instead of wooden shacks. One word explains this transformation-improvement in transportation.

## Where Land Values Figure

**H**OW freight rates may affect both agricultural production and land values may be further illustrated. From a recent study made by Professor Gabriel at Cornell University, the following facts are now available:

In the first years of the World War prices rose sharply, but freight rates remained practically stationary. Therefore, the percentage of the total value of a commodity absorbed by transportation costs grew less and less. Then came the big deflation of prices, with the relative increase in freight costs. The transportation costs for hay in 1919 was 10 per cent of the hay; in 1921, it was 20 per cent.

The transportation cost for wheat in 1917 was 3 per cent; in 1922, it was 9 per cent. The transportation cost for corn in 1918 was 7 per cent; in 1922, it was 38 per cent. The

transportation cost on potatoes in 1917 was 5 per cent; in 1921, it was 18 per cent.

Freight rate changes lagged behind price changes. This caused some painful readjustments in production—particularly in the bulky products produced at long distances from the terminal markets.

Hay and potatoes are the best examples. Take, for instance, New York potatoes with a 300-mile haul, Michigan potatoes with a 600-mile haul and Idaho potatoes with a 1,500-mile haul. The New York potato acreage remained constant for the eleven-year period, 1913-1923; the Idaho acreage more than doubled during that time. In fact, the increase in Idaho acreage was 100 per







"Does the Interstate Commerce Commission want to move Iowa five hundred miles nearer New York?"

cent in the two years, 1920 to 1922. This increase in acreage lagged two years behind the rate increase of August, 1920. Then a second readjustment had to be made. The greatest decrease in potato acreage of these three states occurred in Idaho, the next greatest in Michigan.

Temporary shifts of this kind are costly, because new types of farming mean necessary investment in new machinery and equipment.

#### Idaho and Iowa Jumped Most

LAND values during this same period showed characteristic changes. Increases in land values were much greater in states that depend most on transportation for their prosperity. Thus land values in New York State increased only 26 per cent in the period 1913 to 1920; land values in Idaho and Iowa increased over 100 per cent in the same period.

Changes in freight rates were among the factors causing these increases in land values. Under high prices and low freight rates the western states enjoyed more pros-

perity than did the agricultural elements of the eastern states and partly at the expense of the eastern farmer.

With the increase in freight rates and drop in prices, this situation was exactly reversed. Land values declined over the whole country, but the decline was greater in the West than in the East.

"These changes in the types of farming," says Gabriel, "and in the land values are the source of much distress and dissatisfaction as well as of expense."

#### What a Railroad Thinks About

IF THE railroad problem is viewed from the inside, it is obvious that the railroad is interested in seeing its rates low enough to move the traffic and high enough to pay for the capital invested, to pay for the betterments demanded by the shippers, and to pay wages enough to attract men of integrity into the business of railroading as a life work.

Having come thus far in our discussion, we are ready to consider the consumer's part in paying the freight.

A Chicago housewife went to her neighborhood grocer and complained of the high price she had to pay for two commodities—some California cabbage and some fresh Idaho prunes. She wanted to know why she had to pay ten cents a pound for cabbage, which her brother on a California ranch was selling for one cent a pound. Also why she had to pay fifteen cents a pound for fresh prunes which a cousin of hers was selling on his Idaho farm for three and one-half cents a pound.

But as usual, the only satisfaction she got from her retailer was that the freight rate was high; that the rate on the California cabbage to Chicago was \$414.72 per car; and the Idaho prunes, \$578 per car.

A New York City housewife went to her retailer, in a similar way, to find out something about cauliflower and iceberg lettuce from California. This grocer informed her that the 12 cent cauliflower which sold for one and a half cents in California had a freight rate of \$529 per car; that the 15 cent iceberg lettuce which sold in Califor-

nia for 2½ cents had a freight rate of \$538 per car.

These two consumers, typical of all city consumers, were convinced beyond any doubt, that they paid the freight. It came out of their pocket; the railroad received it. They also had a dim suspicion that in some mysterious way their distant cousins, shipping this produce, had the freight taken out of their pockets, too! And yet it was equally obvious that the railroad, for its part, had only been paid once. But how could two persons pay the freight and only one receive the pay? So to the consumer the riddle of the freight remained unsolved.

Now consider the consumer under slightly more complex conditions. When the New York City housewife buys potatoes at the retail store, she may choose Wisconsin or Long Island potatoes; they look alike and taste alike; the price is the same. Yet the Wisconsin potatoes have been shipped twelve hundred miles, the Long Island potatoes ninety miles.

#### Who Has Paid the Freight?

FOR purpose of illustration, let us say the freight on one is twenty-five cents a bushel; on the other, five cents a bushel. Yet they sell at the same price in New York.

Who has paid the freight on these potatoes? One thing certain is that the consumer must pay a price high enough to cover the freight on the potatoes from the greatest distance. Otherwise the consumer will fail to get these potatoes.

Or, stated another way, there is but one way for a New York consumer to get Wisconsin potatoes, and that is by paying a price high enough to cover the freight and all other handling charges.

The higher the freight on Wisconsin potatoes, the better pleased is the Long Island potato grower.

The farmer near the big city market gets a higher gross return for his potatoes than does the distant farmer. But he does not for that reason get a higher net return, as will appear later.

#### What the "Deducts" Are

TURN now to the farmer and his experience with freight bills. Consider the grain farmer.

Many farmers have shipped grain in car lots to the terminal market. Among the documents which such farmers receive, by far the most interesting and most important is the Account Sales. For this shows ex-



actly where the money goes—what the various "deducts" are.

In July, 1921, taking a typical case, a farmer shipped a car of corn from Elk Point, South Dakota, to Chicago. It was sold July 8 for 63½ cents a bushel, or a total of \$1,247.28. The charge for selling was \$19.60; the Government tax was \$10.04; the inspection weighing, and interest charge was \$2.59, a total terminal handling charge of \$32.23.

This left a balance of \$1,215.05 due the farmer—before the freight was subtracted.

The account sales showed a "deduct" for freight of \$334.83. So the farmer's corn brought a net of \$880.22.

When the farmer reads the item of freight among the "deducts," he is convinced that the freight comes out of his pocket. Examination of other account sales reveals a situation exactly similar to the above. For instance, a car of corn from George, Iowa, sold in Chicago, June 22, 1921, carried a freight charge of \$312.69; a car of corn from Ireton, Iowa, August 11, 1921, had a freight charge of \$354.35; one from Wagner, South Dakota, August 13, 1921, had a freight charge of \$414.96.

#### The Freight Charge

THE SIZE of the freight charge affects the size of the farmer's check, by the unhappy law of inverse ratios.

The old records in the Chicago Historical Society contain such entries as "Freight rate on wheat shipped by the Lakes is down two cents this week. Wheat prices in Chicago are up two cents as a result." In this case the farmers supplying Chicago's wheat had their wheat price increased in exact correspondence with the cut in freight rates.

"Erie canal freight rate up 3 cents a bushel. Wheat down 3 cents in Chicago." In this case the farmer immediately suffered a drop in his price, due to an increase in freight rate.

It is perfectly obvious in these cases that the wheat farmer actually got the full benefit of each freight rate cut, and actually was out of pocket the full amount of the freight increase.

#### Effects of Cheaper Hauling

IN THE long run, however, certain definite effects in the East were produced by the cheapened transportation from the West which came with the building of railroads; first the flour milling center at Wilmington, Delaware, died out; then the great group of flour mills at Rochester, New York, died; at the same time wheat farming about these two once-famous milling centers declined.

Eastern consumers benefited from the cheap Western wheat; Eastern farmers shifted production, or quit; Western farmers enjoyed a 200 or 300 per cent increase

in land values. Two conclusions are warranted by the facts.

One has to do with the immediate and obvious effects of changes in freight rates; one has to do with the final and more hidden effects of freight rate changes.

The first effect—the immediate and obvious one—may be stated in this way: if the rate is lowered the farmer benefits accord-

though the freight rate had been higher and the land cheaper. But the former owner has obviously had two benefits from the reduction in rates: he has received more money for his crops; he has also realized more money for his land.

An increase in freight rates, conversely, imposes a double penalty on the former: he gets less for his crops; he gets less for his land. But the new buyer is neither benefited nor penalized by the change in freight rates.

The yet more remote effect is the possibility or probability of stimulating overproduction by lowering freight rates, and thus injuring all the farmers concerned. The "agricultural surplus" is now a real bugaboo.

The consumer pays the freight. But any change in an agricultural freight rate has two effects on the existing land-owner, who is located far from market.

#### Twice Penalized

AN INCREASE in freight charges lowers the value of his crops and of his land; he is twice penalized.

A decrease in freight costs raises the value of his crops and of his land. He is doubly rewarded.

But the next generation of farmers, the buyers of these lands, receive neither benefit nor injury from these changes of freight rates. Hence, a freight rate, once it has become adjusted, is not a direct burden on the farmers.

The effects on the competing farmers, near the market, are of course just the reverse of those on the farmers far from the market.

But these competing farmers must not be left out of consideration. The New York farmer does not want to see the freight on Michigan hay lowered; he wants to see it raised.

#### Changing Rates

IN VIEW of these facts freight rates, once in effect, should not be changed except for very serious and weighty reasons. Farming ad-

justs itself to the freight rate, if the rate is left alone long enough.

The Interstate Commerce Commission should not lightly change a rate, unless the Commission consciously and deliberately decides to cause some shifts in agricultural production.

#### Moving Iowa to New York

DOES the Commission want to move Iowa five hundred miles nearer to New York? If this thing is really desired, it can be done by a small lowering of the freight rates on Iowa products.

But "shifts in agricultural production" are looked on as profound problems in farm management which the Interstate Commerce Commission, even with the aid of the whole Department of Agriculture, would have some embarrassment in solving.



"The 'agricultural surplus' is now a real bugaboo."

ingly but partly at the expense of the competing farmer nearer the market; if the rate is raised, he suffers accordingly but partly to the advantage of the competing farmer near the market.

But the final effect is different.

If the rate is lowered, he gets more money for his wheat, or whatever crop he is shipping.

This increased value of the product of the land is capitalized and added to the value of the land. For the value of the land depends on the market value of its product.

#### The Buyer Gets No Benefit

THE NEXT man who buys this land, paying the higher price for it, therefore reaps no benefit from the former reduction in freight rate.

He is exactly in the same condition as



## BABBITT THROUGH THE AGES



## I.—PALEOLITHIA

THE Paleolithic intelligentsia launch a campaign of protest against crass materialistic tendencies, evidenced by the welcome tendered by his home town to John Neanderthal Babbitt who, having made a fortune in the stone hatchet business, has returned to endow a museum of natural history in his native bailiwick.



# NATION'S BUSINESS

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MERLE THORPE, Editor

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## Mr. Hoover Presents the Federal Reserve Case

**T**HERE is much to be said for the system credited to the Chinese of paying the doctor when the patient is well and stopping fees when the patient is ill.

The purpose of our Federal Reserve System is not so much to heal business when it is sick as to keep business from getting sick.

As Secretary Hoover puts it in his annual report:

No one doubts the extreme importance of credit and currency movement in the "business cycle." Disturbances from this quarter may at once interfere with the fundamental business of producing goods and distributing them. Many previous crises have arisen through the credit machinery and through no fault of either the producer or the consumer.

The creation of the Federal Reserve System naturally contributed greatly to reduce these storms.

Sound reason for extending the charters of the Federal Reserve Banks. The strength of the system lies in large part in its continuity.

Congress should pass the McFadden-Pepper Bill with the Senate Amendments.

## Romance Hits a Bank's Advertisement

**C**OMMERCE is full of romance, full of the picturesque. If a man will but look closely at the clothes he wears, he may see sheep on Australian ranges, cattle in the Argentine, cotton in the Mississippi Delta, silk worms in China, vegetable ivory palms in Polynesia, a dye factory in Germany.

Bank advertising is sometimes prosaic, but the other day the Seaboard National in New York grew lyrical as it talked the romance of our chemical industry. Here are three paragraphs from the picture it presented:

Virginia on the Avenue perfumes her handkerchief with distilled rose-leaves from Bulgaria, while Dolores in Havana refreshes herself with American toilet water.

A doctor in Spain opens a tube of American vaccine, while one in New York prescribes a medicine containing an herb from Asia.

A merchant in Hongkong awaits his shipment of ginseng from the United States, while a manufacturer in our country watches for the arrival of pyrethrum flowers from Japan.

Why should a small boy long to be a pirate when he could deal in chemicals?

## Our Unfair Corporation Taxes

**T**HE REVENUE ACT of 1926 raised the corporation income tax rate from 12½ per cent to 13½ per cent, while wholesale reductions were effected in other rates.

A man with a wife and two children, who has a salary of \$5,000 a year, is allowed an exemption of \$3,500 for his wife, \$500 for his first child and \$300 for the second child—a total exemption of \$4,300. On the remaining \$700 that is taxable at the rate of 1½ per cent, with a credit of 25 per cent of the tax because the income is earned and not unearned, he pays an income tax of \$7.88.

If, however, this man through thrift and economy has accumulated savings which he has invested in stocks of corporations his tax assessment is a more serious matter. Suppose the earnings on his modest stockholdings amount to \$100. The

Federal Government requires the corporation to pay a tax of \$13.50 on this amount.

That leaves \$86.50 to accrue to the stock. The corporation, if it is well managed, may set aside something like a fourth of this for a rainy day, leaving the stockholder a return of \$65 on his investment.

On this small source of income he pays a tax of \$13.50. On his income of \$5,000 he pays \$7.88.

With surplus revenues in sight it does seem reasonable to expect from Congress a reduction of the corporation income tax rate when next it lightens the national tax burden.

## Can We Get the French Debt Settled?

**T**HE SETTLEMENT of the French debt is our chief unfinished task in straightening out our post-war financial tangle with Europe. The Senate has before it the ratification of this \$4,000,000,000 bill which France owes us, but waits for France to act.

There is no likelihood that waiting will make lighter the terms for France. It is hard to say what that country can hope to gain by the delay.

If the French Parliament should act promptly, and the Senate should follow by passing the bill authorizing the settlement, with a minimum of acrimonious debate, we should have taken another step forward in the long process of recovering from war.

## Conferences, Not Courts

**F**IVE YEARS' experience in the grocery trade has shown that the average firm has two potential law suits a year and that these cost about \$200 each. With this conservative figure as a basis, the losses to the 500,000 firms engaged in production and wholesale distribution of goods become staggering. For the grocery trade alone such losses amounted to five times its fire loss.

Because the trade association has provided practically the only means for friendly discussion of differences and settlement of disputes, the work has been limited to merchants engaged in similar lines of business, such as among retailers or among wholesalers. The greater problem of the relations between retailer and wholesaler or wholesaler and manufacturer has been neglected.

The Trade Relations Committee, an outgrowth of the National Distribution Conference, is now working for the establishment of machinery for the settlement of disputes among the different classes of merchants.

A trade association might furnish the means for discussion of the contention of the Smith Drug Co. that the Jones Pharmaceutical Co. is misrepresenting goods, but a trade relations committee representing the entire drug trade provides for the settlement of the grievance of the Jones Pharmaceutical Co. against the Brown Wholesale Drug Co. which has been selling to chain stores at a figure that allows the chains to sell at a price at which Jones cannot even buy his goods.

Trade relations committees are proving that the conference is cheaper than the court.

## Let's Hurry Up Statistics

**S**O LONG as the laborers at Babel understood one another, there was no height they might not reach. And in business we are still trying to understand each other through the medium of statistics. A meeting recently held at the Department of Commerce aimed to lay the foundations for a statistical heaven.

Yet one thing that seemed to hold back the work on this structure was inability of statisticians to agree as to what was most important. One man thought and talked in terms of widgets, while a second spoke in terms of robots. A third was interested in lollypop consumption in apartments as opposed to



private residences. A fourth wanted statisticians to lay aside all work and study consumer income, while a fifth thought the key to the riddle of the universe lay in finding out more about consumer spending.

They did, however, agree on some points. The first was that the Census of Distribution taken up as a result of the National Distribution Conference held under the auspices of the National Chamber should be advanced as rapidly as possible. The second point was that a permanent committee be set up to suggest, discuss, and adopt a priority list of fundamental research projects on marketing that would be for the common good. A third point was that the Government should speed up the publication of statistics. For example, the Statistics of Income, Bureau of Internal Revenue for 1924 has just been received. The Department of Commerce's Weekly and Monthly Reports are a glorious exception to the usual rule of late publication.

### The New Geography as It Isn't

OUR SMALL boys are being taught economics nowadays when they first open their geographies. Imports and exports are as important as capital cities and rivers and harbors. But pity the poor schoolboy if the economic nightmare which our artist has drawn on page 31 ever came true!

For example, imagine giving the boundaries of a state in this way:

"California is bounded on the north by a protective tariff against Douglas fir; on the east by a protective tariff against Florida oranges; on the south by a protective tariff on chile con carne and tamales; on the west by the Pacific Ocean, the Chinese labor embargo and a protective tariff on tea."

And if each of the forty-eight states had similar boundaries, what a geography we should have.

### Trade Barriers

OUR EXPORTERS cry out about some of the marking requirements of foreign governments on imported goods. They are willing to brand their products "Made in U. S. A." But they hate to be told that they have to put that marking on the northeast square centimeter of a plow handle.

But we do pretty well ourselves at the same pastime.

Witness these recent decisions of our own customs service:

Each individual imported brick has to be marked with the country of origin. So far no decision has been reached as to whether it must be wrapped in tissue and tied with the colors of the country from which it emigrates.

Each cigar band lithographed abroad has to be marked, on its face, with the country of manufacture.

Imported cigaret papers have to be similarly marked. A label on the package won't satisfy us. Each individual flimsy has to be marked!

### The Clear Road for Motor Legislation

THE FORTY-FOUR state legislatures which meet next year can do much to add to the muddle of our motor legislation. They can pile up laws until the harassed traveler by car is ready to accept just one more federal law and just one more federal bureau.

On the other hand, the forty-four legislatures have an unrivaled chance to clear the tangle. A proposed Uniform Vehicle Code has appeared as the result of more than two years of work by the Hoover Conference representing the combined efforts of nearly 1,000 leaders in all branches of industry, agriculture, labor and government, including delegates appointed by the governors of forty-three states.

Uniformity is the need, and the code is proposed to meet this need. For legislative convenience it is divided into four separate acts: (a) A Uniform Motor Vehicle Registration Act; (b) A Uniform Motor Vehicle Anti-Theft or Certificate of

Title Act; (c) A Uniform Motor Vehicle Operators' and Chauffeurs' License Act; and (d) A Uniform Act Prescribing the Rules of the Road and Regulating the Operation of Vehicles on Highways.

The American Bar Association has endorsed these proposed laws. The governors of a number of states have organized state conferences to further their enactment. History shows, however, that state legislatures generally act in such matters only in response to strong demand of those concerned.

If the business men of this country want to reduce the 23,000 deaths and 600,000 injuries that occur on our streets and highways yearly, let them get behind these laws.

It is a job for business individually and through chambers of commerce.

### The Old Competition and the New

"THE OLD competition will not down," says *Forbes*, discussing "the new competition" and the assertion that industries must face attacks from other industries.

No one said it would. The facts are that "the old competition will not down" and that the new competition "will up."

The ice industry is faced with the competition of the electric refrigerator; coal is fighting oil for house-heating; but that doesn't prevent a dozen kinds of oil heaters and electric refrigerators from competing with each other.

The wise business man hasn't forgotten the old competition. He must reckon with the new competition.

### "It Aint Gonna to Rain No More"

THERE is no necessity for any important slump in the business of this country at any time.—Judge Elbert H. Gary on the eve of his 80th birthday.

Boy! Page Prof. Wesley Mitchell and the business cycle!

### Nightingales and Production

THE IMPORTATION of nightingales has begun. Eight of the little birds were recently brought to this country in a special stateroom. Five died, but six more were obtained with difficulty and brought from England to their new home in Florida, elaborately fitted up by Edward Bok. His purpose was to carry on mass production of nightingales, in a small way, until North America, as well as parts of England, might know the joy of hearing the peerless singer.

Before the project may well be called successful, by American standards, some trifling difficulties will have to be met and overcome. The bird makes its summer home in but six counties of England and has shown no inclination to change on its own account. It will have to be "sold" on the possibilities here. It sings for but seven weeks. Doubtless, contact with American standards will make it ashamed of itself on this score, and the nightingale will increase its output of music materially. Something will have to be done about seasonal peaks of output in the way of ironing them out. The females need a touch of emancipation, moreover, for they are without sufficient economic justification, being unable to add to the production of song. The women-folk among nightingales are still reactionary, adding nothing to the scheme of things except housekeeping and caring for the children.

Nightingales must be taught the unique advantages of year-round residence. Their present schedule calls for a 4,000-mile journey to put up for the winter. The energy expended should find more useful expression in song.

Then, when a grade-A nightingale nests on every apartment windowsill, the project may be termed a success. Then it will be time for the Government to step in and regulate the hours when nightingales may sing.



# The Silent Revolution in Railroading

By F. S. TISDALE



## IV.—Recent achievements of the Regional Advisory Boards, and future problems

THE YOUNGEST reader of NATION'S BUSINESS can remember when the railroads were fair game for anybody—with no closed season. Ancient cows were pastured on rights-of-way and when locomotives failed to dodge them, enthusiastic juries voted for damages that raised the victims to the blue ribbon class. Town councils, legislatures and Congress loaded the roads with taxes and fettered them with restrictions.

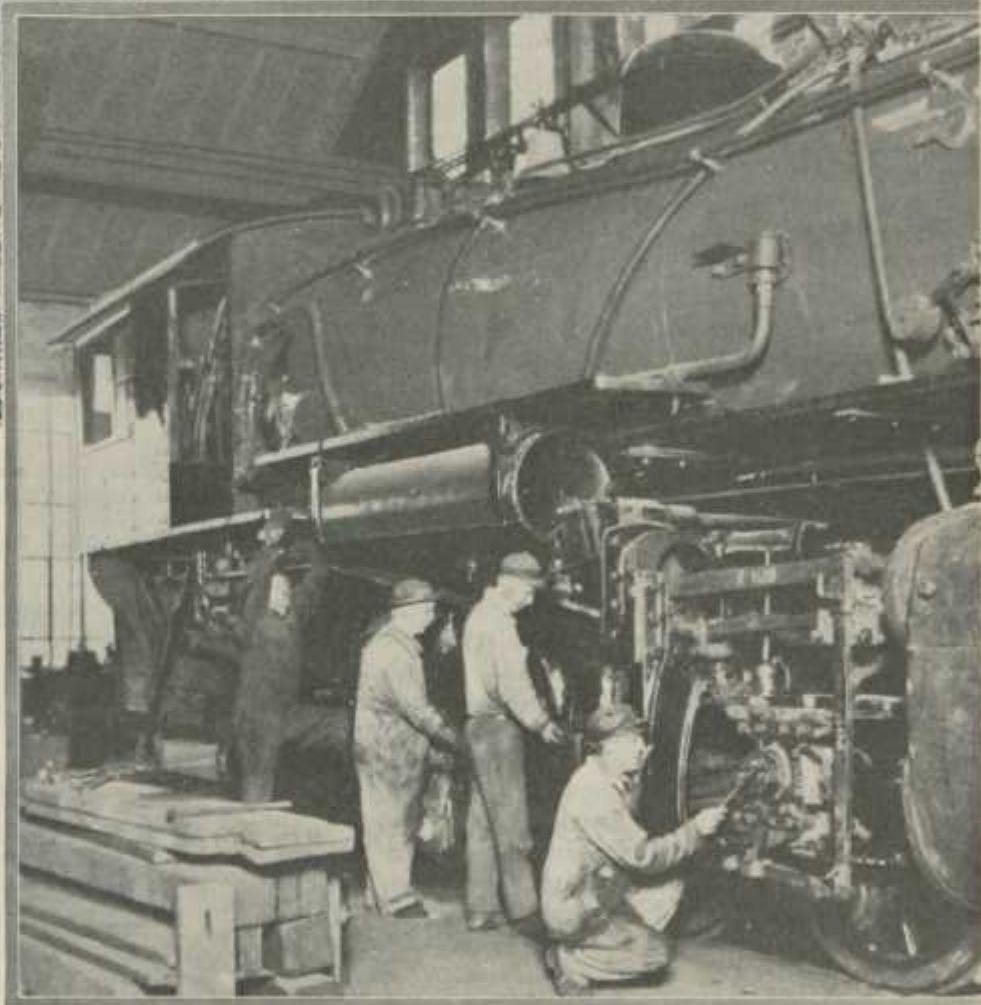
Everybody socked the railroads. And it must be recorded that the railroads socked back right heartily. They were in politics up to their headlights. They schemed, manipulated and dodged. But there has come a new dispensation wherein the carriers bend all their efforts to the job of moving freight and passengers, wherein shippers and receivers through the national system of Regional Advisory Boards cooperate instead of hinder.

### An Old Prejudice Remains

SHREDS of the ancient prejudice remain. There is a scattering of professional skeptics and chronic wisenheimers who doubt. It was "just another railroad trick." The Advisory Boards had been formed at the instigation of the American Railway Association, ergo they must be for a sinister purpose.

To see if these doubts are entertained by business men I spoke recently to a hard-boiled and hard-headed friend of mine who represents a great group of shippers. I pretended to question the sincerity of the roads.

"John," said I, "you probably know that all this Advisory Board stuff is nothing but railroad propaganda?"



Every so often rail-weary locomotives must be run into repair shops to have their health looked after. Purchase of new engines and careful repairs of old ones have been a tremendous factor in bringing about the present golden age of transportation. Though the roads are using 1,366 less locomotives now than in 1923 they have far surpassed that year in the amount of freight handled.

"I don't give a damn," answered John (for he is given to strong language), "it may be propaganda and it may not. But it delivers our freight on time and furnishes us empty cars when we need 'em. That's all I care about."

And he added that if it was propaganda we ought to have more of its like in other industries.

Since most of the material in this series has come from railroad or shipper sources it is interesting to see what men outside business think of the Boards. President Coolidge has written, "The cooperation which has been affected between the shipping community and the transportation instrumentalities of the country through the work of these boards, has without doubt been a sub-

stantial contribution to the improvement of the whole transportation situation." Secretary Hoover strongly endorses the boards and gives them all possible aid through the Department of Commerce.

In one of the fat business years before the formation of the Advisory Boards Secretary Hoover estimated that \$1,000,000,000 was lost to industry through inadequate transportation and car shortages. In addressing one of the Advisory Board's meetings Clyde B. Aitchison, chairman of the Interstate Commerce Commission, pointed out that such shortages bankrupted worthy shippers and impoverished efficient railroads. "They have wasted the wealth of the nation as effectively as if armies of labor had remained in idleness, or the fruits of their pro-



duction had been dumped into the ocean." Of the Advisory Board idea he said:

It is exactly what we would expect business men would do. Here are shippers who wish transportation, and carriers who must give it upon reasonable demand and do so economically. Nothing is more usual than that the parties to such a transaction would confer as to their present needs and future expectations, their abilities and disabilities, and contrive means whereby the utmost of service could be rendered to each party at the lowest consistent cost. In fact, in one form or another cooperation has long existed; the novelty of the present effort is merely in giving it strongly-organized and nation-wide form. It is quite in accord with the growing realization that business owes a duty to put its affairs in shape to perform

before dreamed of. If figures are necessary to prove the interest in the movement here they are: Some 12,000 business men—shippers, receivers, bankers, etc.—are members of the committees which cover the country through thirteen regional districts. Meetings are held with railroad representatives four times a year. Difficulties are ironed out and forecasts are made by each commodity group—such as steel manufacturers, coal mines, automobile makers and the like—of the amount of business expected for the ensuing 90 days and of their requirements in cars. This gives the carriers warnings of extra demands and enables them to "kill car shortages before they appear."

This vast army of business executives not only gives its time for the common good without a cent of direct return, but—as one railroad official marvelled—"They pay us passenger fares to get to the meetings!" At first they paid full rates but they are now allowed to ride on half-fare tickets.

There are innumerable specific instances of growing influence of the Boards. One comes from the Far West. A group of dairymen had banded together to buy a carload of fertilizer. On the appointed day they drove in—some from a distance of twenty miles—to unload the car. It was Friday. The car had come all right—

"But," said the railroad agent, "it's down in the yards where you can't get to it. You'll have to wait till we can get an engine to spot it at the freight house."

They enquired politely when that would be and were told that it would be Monday. A three-day wait.

"Doesn't it mean anything to you," asked a dairyman, "that we have driven in fifteen or twenty miles to unload that car?"

"Monday," repeated the agent.

#### A Board Member Speaks

ONE of the dairymen indicated a placard on the station and asked the agent if he had ever heard of the Regional Advisory Boards. He said he had. "Well," resumed the dairyman, "I'm a member of one of those committees. We have thought they stood for cooperation. And you say we have to wait three days before we can get at that car?"

"Just a minute," said the agent hastily. He disappeared into his office. Forty-five minutes later the car in question had been properly spotted and the dairymen were unloading the fertilizer.

If this had happened, say, when the roads were under government control what do you think the men would have done? They would have gone home boiling mad and addressed a sizzling complaint not to the railroad but to the President of the United States or the Secretary of the Treasury! In due time it would have circumlocuted leisurely through the office of the Railroad Administration, Interstate Commerce Commission, etc., etc., world without end. In these days when business settles its own transportation disputes such a complaint is a curiosity either in the office of the Interstate Commerce Commission or the American Railway Association.

Some time ago the North Dakota Railroad Commission had printed its usual forms for complaints. No kicks were received. The blanks were cut up and used for scratch paper.

Business men have been a great help in

bringing about the present happy state of the nation's transportation system. They have learned to order only the cars they need and to unload them promptly so that others may make use of them. On the other hand, the carriers have been cooperating to solve their own problems. They have worked out a plan which puts the entire country's car supply at the disposal of all the roads. It is not car pooling—it is something better.

#### Car Pooling Has Failed

CAR pooling had its trial during federal control and failed. Here is the reason:

Shippers do not merely require cars—they require certain kinds of cars. You might ship coal in a wheat car but you certainly wouldn't ship wheat in an open coal car. Let us say that when the cars were pooled the Pittsburgh district called for a thousand cars for shipping heavy steel. Chicago and the other great centers would have to come through with that thousand cars.

If they didn't have cars suitable for heavy steel better cars would do. So good tight cars were shot into the Pittsburgh district. Some time later the Northwest would send out a call for good tight cars to haul its grain crop. Where were the cars now? They were scattered to hell-and-gone. Everywhere but available for the Northwest. Furthermore the jostling and shaking of that heavy Pittsburgh steel chewed and wrenched the cars so that they were no longer good and tight. After costly trips to the car hospital the cars could again be used for grain.

For those and many other reasons car pooling is out. The present Car Service Rules put into effect voluntarily by the associated carriers provides that cars must be returned with the utmost possible speed to the roads that own them.

If the cars can be returned loaded, all right. But returned they must be, loaded or empty. The answer for that is simple. Every railroad orders the particular kind of equipment best suited for its shippers. The carriers in the grain country have grain cars; those in the steel districts have cars for steel. And it is best for everybody that those cars be kept available for their particular commodities. Alert young men from the American Railway Association keep constant watch at important transfer points. If some overzealous yardmaster grabs the cars of another line and shoots them out loaded, in the wrong direction, he lays himself open for a call from the Big Boss who has covenanted with officials of other roads that these things may not be done.

#### When Emergencies Arise

THE RULES are flexible enough to meet emergencies. Last summer the Southwest, from Central Kansas to the Texas Pan Handle, was blessed with a whopping wheat crop. The roads had been warned but many factors joined to increase their problems. The crop matured earlier than expected; yields topped predictions; good prices drew vast quantities to market at once; the extensive use of "combines" (machines which cut and thresh at one operation) caused immediate delivery from fields to railroad; much of the territory was served by new branch lines which had not developed adequate elevator capacity.

When the help call went out hundreds of cars were voluntarily delivered to the roads affected, but on July 8 the situation on the Santa Fe became acute. Immediately the



the maximum of service at the minimum of cost, and to safeguard the rights of all others in doing so. To the success of such a laudable undertaking every regulating official must look with expectation.

In the old cat-and-dog days car shortages were regarded as incurable business curses. As an example of the sickening swings from famine to surplus veteran railroaders refer you to the black days of 1907. In February of that year there was a shortage of 137,847 cars. The following fall panic gripped the country and by the next April there was a car surplus of 413,338. During the first part of 1922 cars were plentiful but in October a shortage of 152,000 cars topped all records.

The railroads through more efficient use of cars, and business men cooperating through the Advisory Boards, have practically eliminated car shortages and brought transportation to a point of perfection never



Car Service Division of the A. R. A. took control at Chicago, the great clearing point for empties. Every suitable car was arbitrarily turned over to the threatened road, regardless of ownership. This prompt action gave the Santa Fe 4,500 empties in ten days. Emergency deliveries to the Rock Island and other Southwestern roads saved the day.

By breaking all records the roads moved the grain without any substantial loss, though much of the sacked shipments had been unloaded on the ground. Even government agencies caught the infection and performed prodigious feats. To prevent delays from inspection state experts who tested the grain often worked night and day. The Shipping Board was on the job at the Texas ports with plenty of ships for export offerings.

When it was all over there was a strange, new sound in the land. It came from press, prairie and village pump. It was a chorus of praise for the once-damned railroads!

Now, the railroads are our main commercial arteries. Not figuratively but literally.

The flow of commodities nourishes business exactly as the flow of blood nourishes your body. Hence, a change in this vital function is bound to be felt from one end of our land to the other. More than any other single factor the improvement in rail transportation has been to blame for the establishing of hand-to-mouth buying.

In the old days when schedules were slow and uncertain, the manufacturer and the merchant had to gamble with the future and load up supplies to carry them through long and questionable periods. Communities that used to be ten days from their buying centers are now but three days away—and they can count on their freight schedules almost as certainly as on passenger trains. Why then, in the name of rapid turn-over and a smaller investment, should a man order more than his current needs?

As the small-town merchant told Whiteford R. Cole, president of the L. & N.:

"I used to carry several hundred rolls of roofing. Now I carry twenty-five. Don't need any more. I can call Belknap in Louisville at noon, place an order and have

the freight the following morning. As sure as clockwork."

Which is all right for the retailer but not so good for the manufacturer. Many of them have adopted the hand-to-mouth plan for their buying of raw materials but the manufacturer who is at the mercy of styles—such as makers of shoes and women's hats—is still looking for an answer to the problem it creates for him.

With these estimates as a basis some amazing hits have been made. For the first twenty-six weeks of 1926 the Railway Association foretold car loadings of 24,470,327. The actual loadings were 25,036,464. The forecast was a little over 2 per cent off. Already professional prognosticators of business are making wide use of these reports. Greater things are expected when they reach the point where figures for the entire country can be got out simultaneously. If you are nervous about the future take comfort from the statement of a railroad expert who says that his figures show no let down in business as far as his estimates go—that is through the first two months of 1927.

## Hurdles on the Trade Tracks

By CYRIL J. C. QUINN

*Manager, American Section, International Chamber of Commerce*

**H**ERE is a good scenario for an economic nightmare.

Each state of the United States a separate nation. Forty-eight different tariffs. Forty-eight separate customs services and customs regulations. Forty-eight different railway systems with different equipment and perhaps different gauge. Forty-eight different currencies fluctuating mildly or wildly from day to day.

Trains stopping at each boundary while passengers herd in line for passport and baggage examination. Transcontinental freight unloaded at each state line into customs

warehouses and reloaded to go on its halting way to the next boundary.

Hibbing iron ore barred out of Pittsburgh mills while Pennsylvania wrangles with Minnesota over her duty on iron rails. Kansas wheat rotting in cars at Buffalo because the legislature at Albany has suddenly decided that New York must be self-sufficient and grow its own wheat. Connecticut putting up a tariff against Brockton shoes and Massachusetts retaliating with a tariff on Bridgeport brass. A Sears Roebuck catalogue listing each article in forty-eight different languages with forty-eight different

prices in forty-eight different currencies!

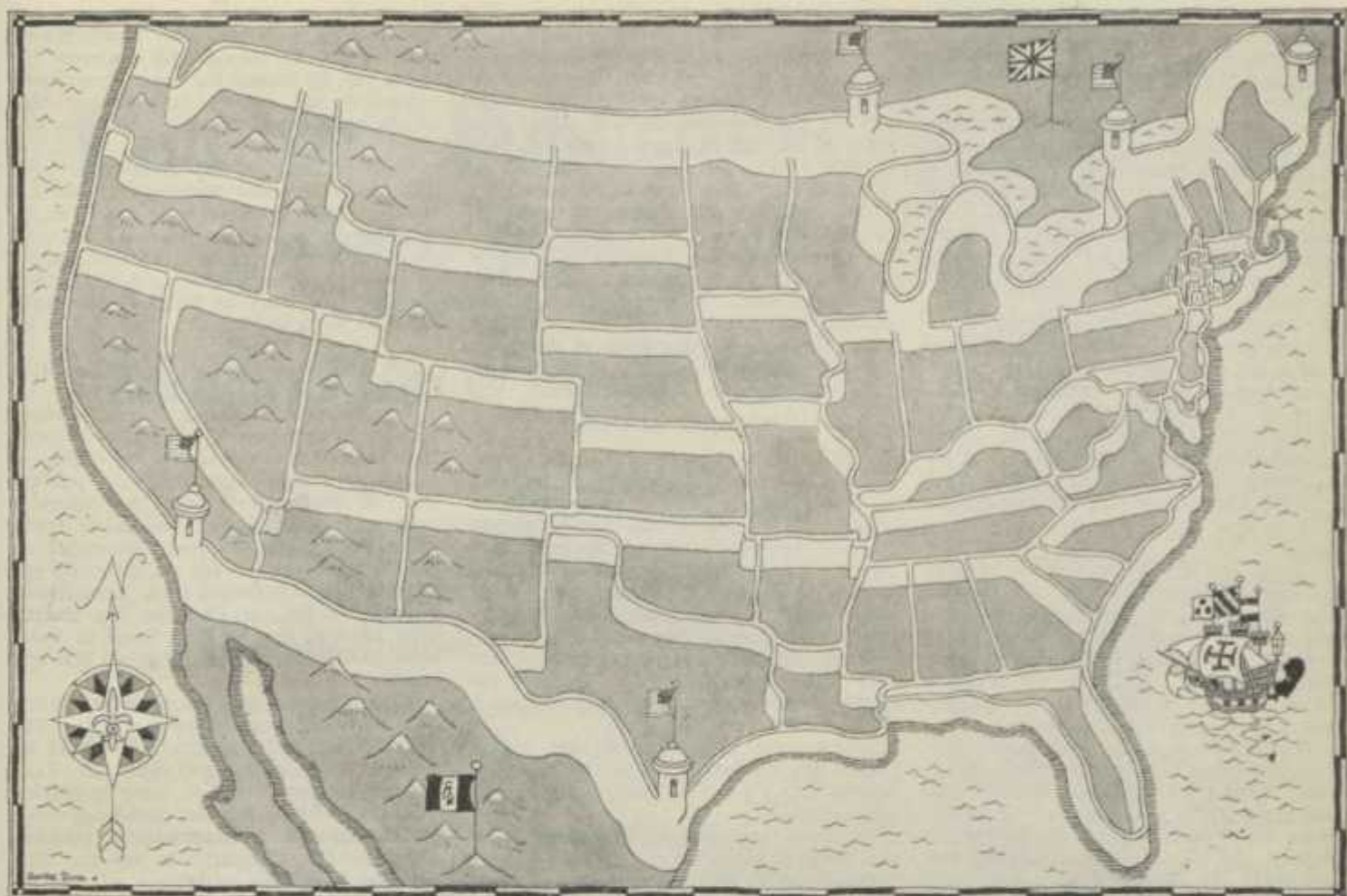
Sounds incredible and fantastic, doesn't it? But in Continental Europe it is not a fiction of economic delirium tremens. It is a fact with which business grapples day in and day out.

The continent of Europe, only two-thirds the size of the United States, is split up into twenty-six separate and distinct economic and political entities, not counting Monaco, Lichtenstein and a few other microscopic principalities. Seven of these did not exist before the war. Twelve more have had their boundaries changed by the war. So



"The continent of Europe, only two-thirds the size of the United States, is split into twenty-six separate economic and political entities, not counting Monaco, Lichtenstein and a few other microscopic principalities," as shown by this map of Europe with national boundaries marked by trade walls of varying height, recently put on exhibit at the Bank of England in London. As Hamlet once said, "Look you upon this picture and then," on the next page—





"Upon this," our artist's visualization of what would happen in this country if trade conditions here were comparable to those in Europe. Literally, it is the ground plan for a trade nightmare. Every state in the Union a separate nation. Forty-eight different tariffs. Forty-eight different customs, services and regulations. Forty-eight different railway systems. Forty-eight different currencies, fluctuating mildly or wildly from day to day. Think of the difficulties a train load of grapefruit would encounter going from Southern California to the consumer in Maine.

you have nineteen new or modified frontiers with all that the change implies of disruption and disorganization. Old Europe at least had a semblance of economic unity. With the dust settled on the mirrors at Versailles you have manufacturing plants cut off from their sources of fuel and raw materials, great cities cut off from their food supplies, old trade routes dammed and blockaded and each separate nation surrounded by tariff walls that make trading in Europe an exhausting and discouraging performance of high hurdling.

#### The Size of Texas

**R**EMEMBER Germany is not much larger than California. Poland is about the size of Montana. You could plunk down in the State of Texas all of Belgium, Denmark, Esthonia, Holland, Latvia, Austria, Portugal, Hungary and Switzerland and still have left enough square miles of territory to accommodate Albania, Luxembourg and the Free City of Danzig.

That is what the bankers and business men were talking about in their now famous manifesto against restrictions on international trade. They had their eye on a situation pregnant with trouble, which the map on the opposite page makes vivid and clear.

It's no new situation. It has existed since the war. It is immeasurably better than it was. But if Europe, now well advanced in economic convalescence, is to gain complete recovery, something more will have to be done.

It is a fundamental question that is posed. If Europe is to compete with the United States, if European wage scales and living

standards are to be raised, if the processes of manufacturing, which they are sending a stream of delegations over here to learn, are to be applied, they must be able to produce for a home market less restricted than the present cells in the continental honeycomb. There must be a closer approach to the elaborate division of labor that exists in this country. There must be a chance for mass production of necessities, conveniences and even luxuries. And none of these conditions are possible in the present situation.

That is what the bankers and business men were pointing out. They were not thinking in world terms. They were not throwing a stench bomb at the American tariff. They expressly called their statement "A Plea for the Removal of Restrictions on European Trade." They had in mind an immediate situation that is better than it was but is still a long way from perfection.

#### Differences in Tariff Walls

**T**HEY recognize the difference between a tariff wall surrounding an economically self-sufficient continent and a tariff wall which separates iron ore from the coal that is needed to turn it into pig iron and steel, a tariff wall between Vienna and the plains of Hungary that feed it, a tariff wall between Germany and the Posen that was German and now is Pole.

They further recognize that it is one thing to have tariff walls corrugating a continent where reduced consumption is enthroned, surrounded by its handmaidens of lowered production and unemployment. They realize a tariff wall surrounding a country whose

high wage scales and high living standards make for a purchasing power that overreaches any tariff is another and very different animal.

They recognize that no one wants to see the American tariff lowered to a point where American wage scales will suffer and American standards of living decline. Thinking Europeans realize that the impairment of American purchasing power will do Europe no good and bring Europe no benefit.

Take one striking illustration of American purchasing power. The French official estimate of American tourist expenditures in France in 1925 reaches the amazing total of 226 millions of dollars. Enough to pay the first six and a half years' annuities under the Mellon-Berenger Debt Agreement and one and a half times the total French exports to the United States in that same year. And these American expenditures in France are just as much French exports, just as much a part of our trade balance with that country as the silk goods that clear through New York—and, incidentally, the champagne that does not clear through Perth Amboy.

#### A Warning to Europe

**S**O THE statement which the press puffed to the prominence of a manifesto was a warning to Europe and a plea for recognition of a situation that should not be allowed to drift. It is sound advice, a banker's warning and a business man's suit to divorce economics from politics on the ground of utter and eternal incompatibility.

The statement is like a voice crying in a wilderness. But it is not a single voice. The League of Nations has long been work-



ing on the problem of restrictions to trade. It has done a good job but its work has acknowledgedly suffered by the absence of the United States, and until September, of Germany.

The International Chamber of Commerce, with the United States one of its founders and Germany a member for more than a year, has been working on the same problem. For the past year it has concentrated on Trade Barriers, with the knowledge and experience of the business men of forty nations pooled in a common attack on a common problem.

As a matter of fact the removal of restrictions and impediments to international business and international trade was the impelling motive for the formation of this agency of international business cooperation. But the mobilization of the attention and thought of the business world on this problem of trade barriers dates from its Third General meeting in Brussels in 1925. It is a logical step in an important sequence.

In Rome in 1923 the members of the International Chamber, in the now famous Rome Resolution, set down what they as business men considered the fundamental prerequisites to a sound solution of the reparations problem, the key log in the jam that held up European restoration. The International Chamber does not claim credit for the Dawes Plan, but it is universally admitted that the principles of the Rome Resolution, broadcast throughout Europe, had much to do with the creation of the public opinion which made possible the calling together of the Experts Committee and the adoption of the Experts Plan. And don't forget that many of the men who met at Rome were called in as experts to draft the plan.

The Rome Resolution on production, sponsored by the American delegation, though smothered for the time by its more famous sister resolution dealing with reparations, has had no little part in the awakening of Europe to the new industrial revolution in which America leads the way, an awakening which has variously manifested itself in an idolatry of Ford, a non-quota migration of investigating committees and missions, and which has a part already pointed out in the so-called manifesto.

### Trade Barriers Draw Fire

TWO years after Rome the International Chamber met in Brussels. The Dawes Plan was in effect. The reparations problem was no longer a football on the playing field of politics. The business men of the world turned to the next problem, the transfer of reparations and inter-ally debt payments. Without a stupid belief in the adage that a problem understood is half solved, they proceeded to set forth in words of one syllable in their own vernacular, polyglot but understandable, the economic factors involved in the transfer across frontiers of the huge sums involved in these international settlements of unparalleled volume. The result of the discussion of Brussels, cabled over the world, was no small factor in the change in public opinion from a conception that all that was needed was a check from one Finance Minister to another, to a more intelligent conception of the difficulties and ramifications of the problem.

The International Chamber of Commerce at Brussels came to the logical conclusion that in a restricted volume of world trade, with the necessity of these colossal debts being paid for ultimately in goods and ser-

vices, the problem was a delicate and difficult one.

It moved on to the equally logical conclusion that if international trade could be stepped up to a much greater volume than pre- or post-war the problem would lose much of its difficulty and danger. It took the next step to the conclusion that such an expansion of world trade could come only with a clearing away of some of the obstacles and obstructions that needlessly and uselessly retarded its development. So it set up a Central Committee on Trade Barriers and National Subcommittees in all the member countries and began the work that is to culminate in the discussion of the International Chamber meeting in Stockholm in June of next year.

### Declaration of Belief

UNLIKE the signers of the manifesto, the International Chamber in its work on Trade Barriers has not concentrated on tariffs. It recognizes that tariffs, though they are admittedly one of the great barriers to trade between nations, have so many political implications that absorption in their study would be love's labor lost. It recognizes that each nation has the right to choose between free trade and protection, and that each nation properly reserves to itself the right to decide what measure of protection it shall afford its own industries.

It does point out, however, that protection is not necessarily prohibition and that reasonableness is not necessarily a sin against nationalism.

To avoid any possible misunderstanding the American group has made itself perfectly and coherently clear on this point. It stated in its report to the inaugural meeting of the Central Committee on Trade Barriers:

The American Committee believes that the Central Committee must of necessity recognize that the question of the tariff policy to be pursued by a nation is a matter of domestic concern and that each nation must reserve to itself the decision in a matter which is so definitely one of national policy. The American Committee, however, believes that it will assist in clearing up misunderstanding to frankly and straightforwardly set forth its views in regard to the American tradition of a protective tariff.

The United States has been able to achieve a standard of living which is acknowledgedly high. Our good fortune in reaching this standard has been partially due to our fortunate possession of raw materials which have made for a large degree of national economic self-sufficiency, a self-sufficiency which has been insured and enhanced by the removal of barriers to trade between the States of the Union. American business and American labor have come to the considered decision that these living standards must be protected and that no action which will tend to lower them can have other than an unfortunate effect. This conviction is therefore hardened to the belief that these living standards must be protected against lower wage scales and living standards, and the American people have indicated their intention to pay the price of that protection. When there is equality of wage scales and living standards American manufacturers will not be disposed to ask for protection in securing to themselves the extensive home market.

Quite apart from tariffs there are more than enough other barriers to a fuller development of international trade to occupy all the time and effort of the International Chamber.

Take the import restrictions and licensing systems, a post-war curse that is now happily disappearing. Ask any American exporter what he thinks of the system that requires him to get a special license to

import his goods into a country. Ask him how he feels when his representative goes to get his permit and discovers the quota for the month has been mysteriously exhausted and equally mysteriously that all the permits are in the hands of his foreign competitors.

Take the patent and trade-mark laws. Talk to an American manufacturer who has spent no little time and more money in developing the demand for a trade-mark article. Ask him how he feels when he decides to go into the foreign field and finds someone he never knew or heard of has registered his mark and has the prior right to its use.

Ask him if he does not think this situation is a barrier to international trade.

Take the lack of adequate credit information on foreign buyers, which, by the way, the International Chamber is trying to remedy by bringing together in one publication, at the suggestion of the American group, the authoritative sources of credit information in the principal commercial nations of the world. Take the expensive red tape in legal settlements of international disputes, which the Chamber has already done much to help with its Court of Commercial Arbitration already set up and efficiently functioning.

Take governmental control of production and prices of essential raw materials. The refusal of rubber to stretch to increased demand is too recent to need comment. Take the confiscatory laws of some countries, dealing a death blow to the confidence which is the basis of all international business. Take the many obstacles to sea and land transportation, the inadequacy of the International parcel post, governmental monopolies of foreign trade, tax discriminations, legal barriers, passport fees and regulations, inadequate bankruptcy laws.

### Refinements of Absurdity

AND take the whole of the annoying hindrances which fall under the general head of customs formalities.

In single instances these unnecessary complications and formalities don't mean much but in the aggregate they are an appalling burden on the trade of the world. Just review a few of them, gathered together by the American Manufacturers Export Association in a report to the American Section of the International Chamber, and you will agree.

Venezuela imposes a fine for packing in one box materials taking different classifications, although the consular invoice shows the gross and net weight of the different materials and it is practically impossible to pack the material separately because of the small size and weight.

France requires for customs declaration the detailed weights of each class of material which goes to make up a single machine motor.

Colombia fined an American exporter \$17 on a shipment valued at \$137 and \$7 on a package worth \$26 because of a slight delay in forwarding documents.

Argentina put a fine of \$450 on a shipment worth \$225 because the declaration unintentionally was in error.

Brazil has a consular regulation requiring values to be expressed in pounds sterling, shillings and pence, although it is neither the money of the country of the shipper nor of the country of the receiver.

Ecuador raised the duty on textiles without any warning and shipments en route which had been contracted for on the pre-



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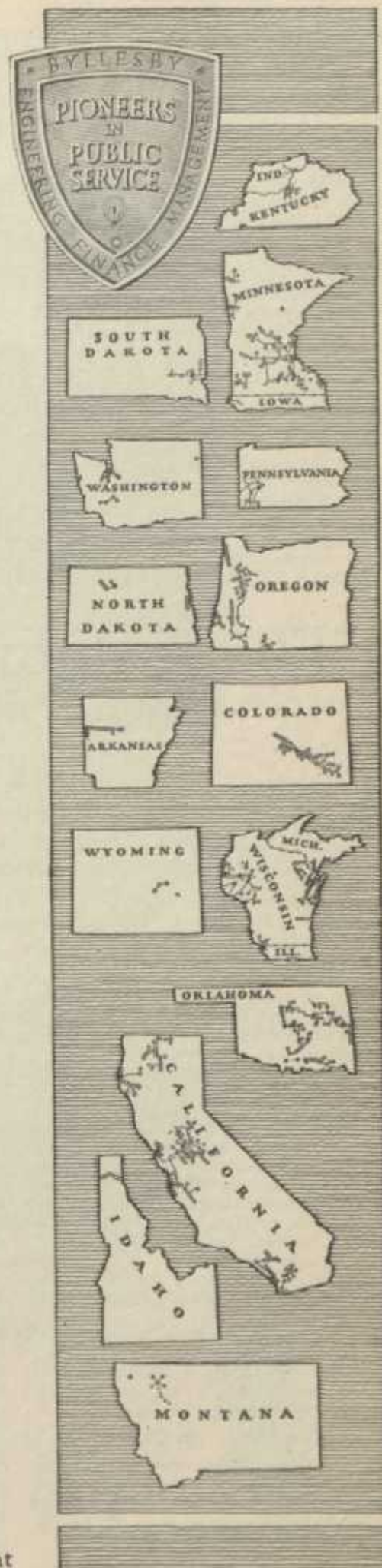
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vious duty had to pay the extra rate until the matter was wrangled out.

Australia requires separate listing of all parts of motor vehicles.

Spain requires consular invoices to list the serial numbers of inner tubes of tires shipped with automobiles!

Consular fees are exorbitant and utterly lack uniformity. Chile charges a minimum fee of \$5, Bulgaria a minimum of \$8, Roumania a minimum of \$10.40, all regardless of the value of the shipment, and Mexico tops the list with a charge equal to 5 per cent of the invoice value.

This is how the Mexican regulation worked in one instance. An American firm made a shipment worth \$4,500 to a Mexican client. The firm paid a consular fee of \$225 and the shipment went forward on a sight draft to Vera Cruz. The shipment was refused by the consignee and the goods had to be returned. But they didn't get their \$225 back even though the goods never left Vera Cruz.

The patent absurdity of some of the requirements is expressed in the laconic comment of one exporter. "I had to pay out thirty-five cents and it took three-fourths of a full day's time of one of my men to get a consular invoice for a shipment to Chile worth \$1.70."

This list could be expanded indefinitely. The above are only samples of the maze of annoying and exceedingly expensive complications that surround the actual shipment of goods. They are equivalent to a tariff because the costs, when they are known, are passed on to the consumer and restrict purchases.

It is sometimes equivalent to complete prohibition. It is often worse than a tariff because you cannot know the costs and can't cover yourself.

#### Not Impeccable Ourselves

**D**ON'T think that we are free to throw stones and that it is only the foreigners who are at fault. We have a few panes of glass in our own house. If you want to get the other side of the picture just ask the American importer. You will only have to broach the subject to precipitate a monologue on the idiosyncrasies—the word is mine and not the importer's—of the American Customs regulations.

And still one of the greatest barriers to trade has not been mentioned—the instability of currencies and the fluctuation of exchange. A condition now happily much improved, with Belgium as the latest and welcome addition to the ranks of soundness and stability. The ignorance of what goods are

going to cost, the still more complete ignorance of what goods can ultimately be sold for, makes trading a hapless and luckless job.

This abnormal and sickly condition arising primarily out of inflation, publishing paper money instead of merely printing it, lies at the root of many of the other barriers to trade. It brings with it exchange regulations to prevent the flight of capital, prohibitions and restrictions to cut down imports and check the unfavorable balance of trade, special tariffs to prevent dumping and a hundred and one other specters of post-war international trade.

There is obviously more to the subject of trade barriers than mere tariffs, however high they may be, so much more that the International Chamber could scarcely have picked a more fertile field of endeavor. It is a big problem. It is an important problem.

So when the business men of the forty countries represented in the International Chamber of Commerce take their places in the Parliament Buildings in Stockholm on June 27, 1927, the stage will be set for an exhilarating exhibition of straight thinking and plain speaking, a business man's diagnosis of a disease and a business man's prescription of remedy.

# The Instalment Buyer Worries Me

By JAMES COUZENS

*United States Senator from Michigan*

**A** WRITER in a recent issue of a magazine stated: "Instalment selling is not a subject for frivolous discussion; too much is at stake."

Likewise, instalment buying is not a subject for frivolous discussion. I lay the emphasis on the buying, while the writer referred to lays it on the selling. Much is at stake for both buyer and seller, but in the long run I think much more is at stake for the buyer.

From all that is written on the subject of instalment buying, it seems quite obvious that the business man is going to take care of himself, at least as long as the instalment selling continues; and even after that he will undoubtedly be able to adjust himself to conditions. The business man apparently is little interested in the national phase of the problem. He is interested in his own individual business and its welfare.

In a recent address made at the Fourteenth Annual Meeting of the Chamber of Commerce of the United States, a speaker said:

"It would be too much to expect the normal average business man to consider such abstractions as the economic welfare of the country in working out some practical problem of his business."

#### What About the Buyer?

**T**HE speaker did not blame the business man for this attitude, because he said the business man did not have the facts upon which to decide what is or is not for the economic welfare of the country.

But what about the buyer? And what about this "economic welfare of the coun-

**S**ENATOR COUZENS is much concerned as to the ultimate effect of instalment selling.

He isn't thinking about the instalment seller because he is able to take care of himself by exercising ordinary prudence and precautions.

It is the buyer the Senator from Michigan is thinking about.

Senator Couzens has the courage of his convictions, evidenced by the fact that having invested a large sum in an electric refrigeration project, he withdrew from it and pocketed his loss because he could not conscientiously continue a business that depended practically entirely on instalment selling.—*The Editor.*

try" just referred to? Because business is organized, it is quite able to present the seller's side. The business man does this ably and forcefully as a part of his "selling" argument. In other words, he sells the instalment system together with his goods, particularly when he finds that selling on the instalment plan is the key to the sale.

My interest is wholly academic, because I am not in business and have no personal interest in selling or buying on the instalment plan.

I am much more interested in various developments in the whole question. For example, I am much more interested in character building—in character selling—than I am in profits and losses either to the seller or buyer on the instalment system.

There are two outstanding incidents in my boyhood life which present themselves forcibly to me when discussing this subject. I remember about forty years ago, our whole family saved for a considerable time to enable my father to purchase an oil hanging lamp for the living room. We an-

ticipated the securing of this lamp for a long time and had great joy in purchasing it after we had saved enough for it.

Again, my father owned horses, not riding horses but truck horses, and I wanted a riding saddle for one of them. To secure this I was required to sell enough of my father's product on a commission basis to earn the price of the saddle. I shall never forget the joy of accomplishment when that end had been gained.

All of this pleasure, this opportunity to develop appreciation of something gained, this

opportunity to develop the traits of self-control and perseverance, this opportunity to build character, are now being lost to the young people because no matter what they want now they can most always get it at once, without sacrifice, for a small down payment. And parenthetically, I might mention my main interest is in the young people.

#### The Side of Character-building

**I**F WE could have secured a hanging lamp or a saddle on the instalment basis, or had desired to, in those days, surely the securing of these two articles would not stand out so prominently in my boyhood recollections. You may say this is the sentimental side; but I contend it is the character-building side, which is equally important at least, if not more important than the economic side, which I shall deal with later.

There is another important thought with reference to the young people and particularly the young men who tie themselves up with these instalment payments so that their



# A Great Gift for the Golfing Male

## 12 Silver Kings in the Christmas Putting Box



Disappointed at not receiving the anticipated stogies from Aunt Ella, the young man nevertheless is trying to dissipate his gloom in the rosy contemplation of a dozen shiny new Silver Kings in their new Christmas box.

**A**RE you a busy executive? Are you burdened down with a lengthy Christmas gift list? Are the names of business colleagues, friends of the family and men in the family all down in black and white—all crying for attention at once?

Then you are the man for whom the new Silver King Christmas Box was designed.

For it contains not only a dozen new Silver Kings (worthy gift for any man) but also a most ingenious putting arrangement for winter practise on the golfer's own home green—his carpet. Just open the box. Set it down on the floor. Let him putt. It's a gift to bring peals of joy to the heart of any golfer. And best of all it's a gift to solve all your Christmas worries at one fell swoop.

Send a box with your blessings to your golfing partner. Send one with defiance to your favorite opponent and so continue right down the list secure in the knowledge that you could give no more appropriate, no more welcome gift to any golfer than these fine imported Silver Kings in the new putting box.

You will find this Christmas Box on display at most good golf shops and in the Sporting Goods Sections of the best stores. But better order quickly, for every golf pro and leading amateur who has seen it is keen about it as a winter game and Christmas gift, and supplies are not inexhaustible.

If perchance your dealer should be sold out, write us promptly and we will try to fill your order.



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future is absolutely mortgaged. What position will they be in when the opportunity presents itself to go into business, or to make a small investment in some enterprise?

Several of the original investors in the Ford Motor Company, among them myself, had saved a few hundred dollars, which they had available when the Ford Motor Company was organized, and which they invested in the business with well known results. Suppose we had purchased bicycles, pianos, and other articles, on the instalment plan; we certainly would not have been able to have availed ourselves of this opportunity.

Thousands and hundreds of thousands of working people are now bound with these instalment payments so that they dare not even take a reasonable risk in a new venture, either of employment or investment. I believe more harm is being done to the development of our country through widespread instalment buying than any other one cause. I believe it is stultifying initiative, ambition and energy to an extent yet unrealized.

### Now for the Economic Side

**A**ND NOW for the economic side. Competition through high-pressure selling methods has used up the consumer's dollar, and is now fighting for the dollar of next week, next month and next year. When the proponents of these selling plans have secured these dollars, how much farther are they going to reach out? What if there is no consumer's dollar to receive? What if illness, loss of employment, disaster, or what not, occurs? What is then going to be done about the dollars anticipated but not obtainable?

We have been so prosperous during the last few years that we have not had to face the problem of what to do with repossessed goods—goods on which the instalments are not paid. If the time comes that repossession goes on rapidly, these goods will interfere with the flow of new goods from maker to user, and we shall have a real problem for salesmanship. They will mean frozen assets and will raise a question for financiers with which they have not yet had to deal.

There has been a notable absence of discussion as to the cost of these instalment sales to the consumer. The consumer pays the bill. There is no doubt about that. And as long as he pays the bill, the manufacturer and retailer have not much to worry about.

But what is this cost to the consumer? How many consumers really know? I doubt if the salesman often knows how much the real additional cost is to the purchaser by buying on the instalment plan. There are, however, many ways of finding out.

### The Report of the F. T. C.

**T**HE Federal Trade Commission made a survey of the house-furnishing industry. On page 23 of the report of the Commission, dated October 6, 1924, is this statement:

Retail list prices of the Singer Sewing Machine Company are apparently instalment prices, as most of the household models may be purchased on 20 to 30 months' time, 10 per cent discount being offered for full payment in one year, 15 per cent for full payment within six months, and 20 per cent for cash at the time of purchase or within 30 days.

With reference to furniture, the same report states that:

Out of 500 stores reporting, 355 stores sold furniture exclusively. Of these 355 stores, 206

were stores whose instalment business was over 75 per cent of their total business, 69 had one-half to three-fourths of their business on the instalment basis.

The survey found "the average mark-up" of the 206 stores in the three-fourths or more instalment group was 78.4 per cent; of the 69 stores in the one-half to three-quarters instalment group it was 68.6 per cent; in the 80 stores in the less-than-one-half group it was 56.9 per cent. The average mark-up for all the 355 stores was 72.5 per cent.

### Nine Per Cent Rate Advertised

**Y**OU WILL find advertisements offering financing for 9 per cent. You will find some advertisements quoting a figure as low as 6 per cent. But if you stop to figure out the difference between what the article will cost you for cash and what you have paid at the end of your final payment, you will find that additional cost has been all the way from 15 to 30 per cent. It will be camouflaged, it is true, by what are known as service charges, financing charges, commissions and so on; but whatever it is called, the consumer pays it, and pay it in addition to what he would pay if he bought for cash.

Then, there is the fallacious argument that it is better to pay out of current earnings, or, in other words, each week's or month's wages, for these articles than to use your saving or "nest egg." How fallacious this must appear when you recognize that your "nest egg" is drawing, perhaps, 3 per cent or 4 per cent interest from the bank while on the other hand, it is seriously proposed that you should pay out of your earnings for instalment purchases from 15 per cent to 30 per cent.

These arguments are, of course, used only to fool the buyer, because the seller would not pursue such an absurd policy.

Indeed, as the magazine writer quoted states, "Much is at stake."

But those who are profiting by the system say, "Far safer to let it alone if we cannot be sound in our analysis and fair in our deductions."

### "Take It or Leave It Alone"

**O**F COURSE, they would far rather have you "let it alone" if you do not reach the same conclusions they do. Every one knows that this system cannot be suddenly withdrawn without doing damage to industry. But while it is here, let us not "let it alone" but analyze it and analyze it with the buyer in mind. We have talked about business having moved to a point where it is no longer content to rest on the maxim, "Let the buyer beware," but in the case of instalment buying, I think the buyer still needs to look out.

It is pointed out as one of the arguments for instalment buying that we have always had such sale, particularly of houses and some few other things that did not receive much wear and tear; or rapidly deteriorate. An effort is made to show by that analogy that the instalment business is sound. No rational person wants to condemn all instalment sales. Instalment buying of homes, well selected real estate or sound securities, or any other commodity that appreciates in value or at least depreciates very slowly, is sound. But to buy things that wear out or depreciate rapidly, on the same basis on which you would buy a home, is economically unsound.

We all know that widely extended credits mean inflation, and that inflation ultimately

means deflation. These credits, or time payments, are what are well-known in finance as "frozen assets"; in fact, they are so cold that the Federal Reserve Bank may not loan money on them.

Unfortunately I find no record of the extent of the credit companies who finance these instalment sales, but it is known that there are many hundreds of them who maintain luxurious offices, high-salaried officers, thousands of clerks, stenographers, and so forth, all being maintained by the buyer who buys on the instalment basis.

We hear much complaint about the spread between the cost of producing an article and the cost to the consumer—in other words, the expense of the jobber, the wholesaler and retailer, all of which is added to the cash buyer's expense.

Now comes another extension of the spread between the cost of production and the cost to the consumer—the expense of maintaining the great credit organizations throughout the country.

### Cash Buying and Values

**N**O ONE who is buying unnecessary articles on the instalment plan is getting his money's worth. Every one who is buying in that manner is curtailing his purchasing power. Every one who is doing this is really getting less out of his investment than the cash buyer.

He cannot possibly have as much of this world's goods if he buys under this plan as if he bought on the pay-as-you-go basis.

I notice as I read the magazines that there are many advertisers who do not give the selling price of their article.

Why?

Is it a trick to prevent the consumer from realizing the obligation he assumes or to enable the dealer to add enough to the factory cost to allow him to make profits out of financing, freight and service charges?

In other words, the buyer must still beware. I do not mean that all manufacturers, merchants and dealers are dishonest. Many of them are induced and forced to adopt these practices because of the insistence of the buyer for a long time to pay for his article.

The manufacturers, merchants, or dealers, of course, cannot possibly engage in such methods without charging the buyer for it and charging him dearly.

Business men, bankers and manufacturers, I hope, will see the hand-writing on the wall in time at least to curb this expansion of instalment sales. Above all, I hope that the buyer will wake up to what is really happening before it is too late, before we encounter a great crisis. It will come. It is simply a question of how soon, and in my judgment the day is not very far off. We have yet time to help ourselves to some extent, even though we have gone too far to prevent all trouble.

### An Unsound Business Plan

**I**F THE normal average business man would consider such abstractions as the economic welfare of the country, he would refuse to engage in such an economically unsound program. The weakest of these business men (and I mean the weakest in character—not so much the weakest in finance) will go ahead with it, because he will satisfy himself that he is forced into it by competition. But you will find thousands, yes hundreds of thousands, of manufacturers and merchants throughout the country who refuse to engage in this unsound practice.





*The Development Service of Southern Railway System, Washington, D. C., will gladly aid in securing industrial locations, farms and home sites in the South.*

## Towers of Southern Industry

**G**REAT TOWERS of slender steel march Indian file up over wooded hills and down through valley fields, carrying power and light to the farms, homes and factories of the South.

The rapid increase in the production of electricity in the South, from water and steam power, is an outstanding industrial achievement of our time. It has risen more than 375% since 1912—in the rest of the country about 275%.

Cheap and abundant electricity is a magnet to modern industry. It effects economies and makes for better industrial methods.

This is one of many advantages that are making the South a national manufacturing center—that already have made the South the textile center of America.

Railroad transportation has always been one of the cheapest things the American people buy. The charge on the Southern Railway System for hauling a car of 30 tons of freight one mile averages only 35c.

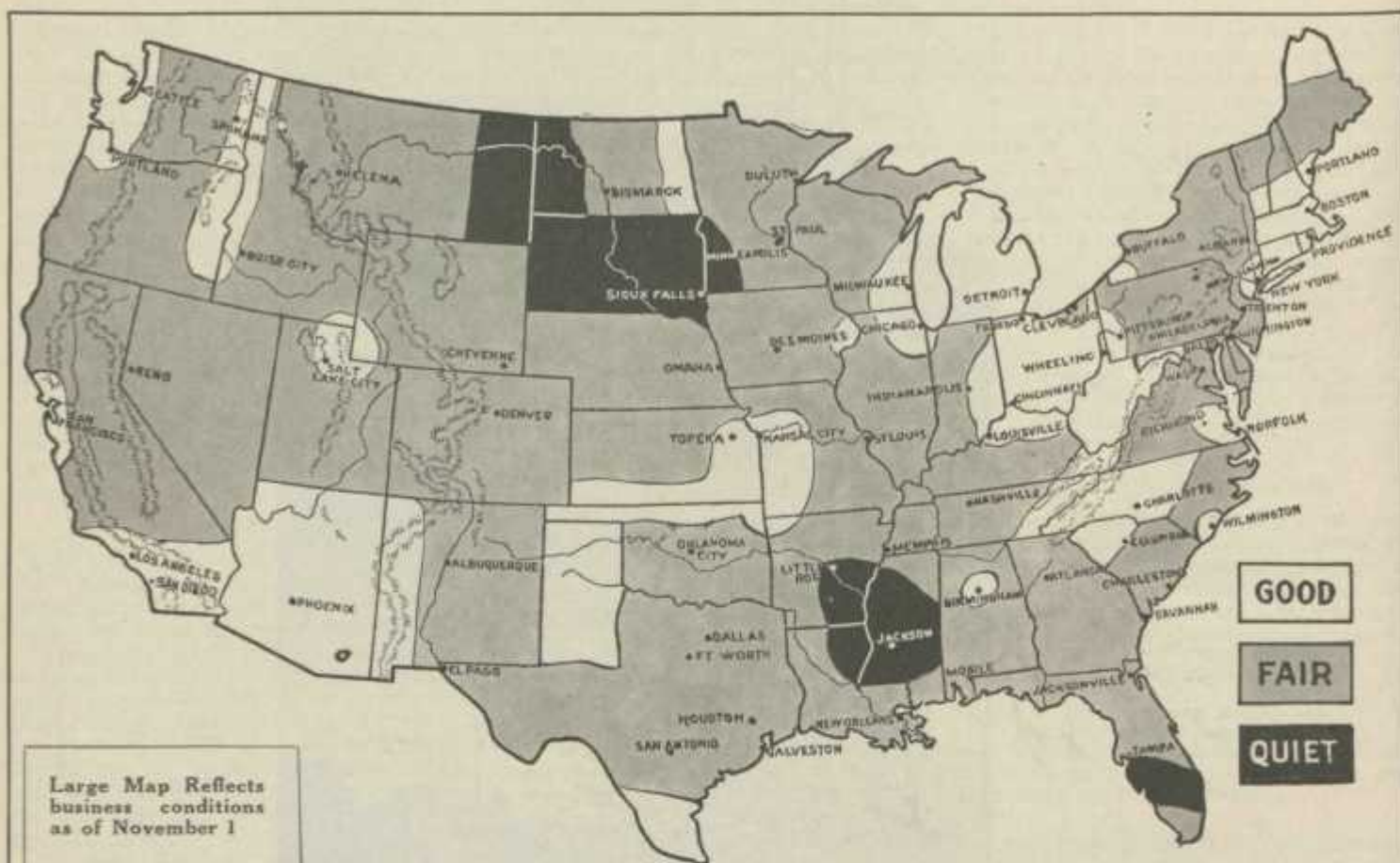
**SOUTHERN**  
RAILWAY  **SYSTEM**

T H E S O U T H E R N S E R V E S T H E S O U T H

*When writing to SOUTHERN RAILWAY SYSTEM please mention Nation's Business*



# The Map of the Nation's Business



The Business Map of Last Month



The Map of a Year Ago



By FRANK GREENE

Managing Editor, "Bradstreet's"

**O**CTOBER trade was larger than in September but apparently slightly smaller than in October a year ago, while industry showed diverse movements, kaleidoscopic being perhaps the descriptive word in this connection. There was apparently little to choose between the volume of industry as a whole in the past three months, although a small net decline from a year ago in October may show on balance.

The lagging in trade as compared with October a year ago had several possible explanations. The most apparent one was the fact that October a year ago witnessed a great surge forward, the exceptionally cold weather stimulating buying of seasonable

goods. October this year, when the weather was at all good, was mild.

Additionally affecting the volume of buying, of course, was the wet weather, delaying ripening of corn and other late crops in the middle west, and the slump in prices of corn in that area and of cotton at the south. The five-cent break in cotton prices in September was added to by another decline of almost 1½ cents in October, on an advance in cotton estimates of nearly 1,500,000 bales and a record movement to the gins and to market.

While efforts to stabilize the cotton market and make for orderly marketing through arrangements by the banks and others to

store and hold from 3,000,000 to 4,000,000 bales made some progress, a good deal of cotton apparently had to be marketed because of advances already due, totalling as much as the new credit lending facilities could offer.

In industry, seasonal quiet in some lines, as, for instance, automobile and structural steel, lumber and other building material, was contrasted with a burst of activity in soft coal production and prices growing out of the continuance of the British strike, coupled with sympathetic advances in coke production and pig iron and finished steel prices. Building also rallied and permit values almost equalled those of October, 1925.





*Peters Adding Machine with Bakelite parts, made by Peters-Morse Mfg. Corp., Ithaca, New York*

## Constant use will not discolor nor dim the lustre of Bakelite

Touch bar, platen knobs and push buttons of an electric adding machine are constantly, and often none too gently handled. Many materials have been tried for these, and for similar parts on adding, accounting and typing machines, but the superior strength, color and finish of Bakelite Molded have made its use a standard practice.

The makers of the Peters Adding Machine say that Bakelite Molded parts are very tough and their use has practically eliminated breakage and resultant losses. The splendid appearance of

Bakelite is an additional and permanent advantage, for its color and lustre are unaffected by time or service.

Numberless parts and devices have been improved in appearance or performance through the use of Bakelite. Many of these are shown, and the advantages of Bakelite are described in Booklet 42, "Bakelite Molded." A copy will be mailed to you on request.

Our engineers and research laboratories are also at your command for cooperative service.

### BAKELITE CORPORATION

247 Park Ave., New York, N. Y. Chicago Office, 636 W. 22nd St.  
BAKELITE CORPORATION OF CANADA, LTD., 163 Dufferin St., Toronto, Ont.

# BAKELITE

REGISTERED U. S. PAT. OFF.



## THE MATERIAL OF A THOUSAND USES

"The registered Trade Mark and Symbol shown above may be used only on products made from materials manufactured by Bakelite Corporation. Under the capital 'B' is the numerical sign for safety, or unlimited quality. It symbolizes the infinite number of present and future uses of Bakelite Corporation's products."

When writing to BAKELITE CORPORATION please mention Nation's Business



Shoe and leather manufacturing was active, more cotton and wool was used in factories and raw silk consumption broke all records. Jewelry and furniture manufacturing was in good volume. All this was reflected in increased debits which contrasted with decreases in clearings. Car loadings for mid-October set up new high records, this probably largely reflecting mining of soft coal, which was close to a record, and heavy marketing of old corn from farm reserves of that grain.

Failures and liabilities continued to show the steady increases over a year ago noted in earlier months.

Early November revealed a slight sag in the general price level as of November 1 due to the break in cotton, the easing in cotton goods and weakness in most non-ferrous metals.

Mail order trade was shown to have sagged below October a year ago, whereas chain store sales increased about as much in proportion. Department store sales were 3.6 per cent smaller than a year ago and middle western buying at wholesale was rather below October, 1925, while southern trade reflected the effects of lessened buying due to the lowest prices of cotton since the summer of 1921. Employment in the country's leading automobile manufacturing center fell considerably below a year ago.

### Grain Too Green

**H**USKING of corn in late October and early November showed a great deal of grain too green for cribbing. Winter wheat seeding was practically finished with diverse weather causing some in the middle west to be planted in mud, while in western Kansas it was sown in dust owing to dry weather.

A decrease in area in the west but a gain in the southwest over a year ago was reported.

Abundance of grapes and of cotton with slack demand for the big surpluses caused some of both crops to be left unpicked, although the general feeling as regards cotton was much better than it was a month previous as shown by the apparent indifference with which the latest and largest estimate was received.

In financial lines features were a marked decrease in activity from October a year ago in stock and bond sales. Stock market prices broke sharply on several occasions in mid-October, but growing ease in money and pressure of funds seeking investment caused very active buying of foreign and domestic bonds late in October and early in November. The resumption of the gold basis for the currency in Belgium and apparent progress in rehabilitating French, Italian and other Continental currencies apparently commended itself to American investors.

Measures of September movement in some leading industries revealed a very large production of cement, a record output of elec-

tricity and a record daily output of gasoline, the latter contrasting with a heavy decline in domestic consumption which was, however, balanced by a big export movement which reduced stocks to the lowest point since December, 1924.

The outburst of activity in the country's important basic industry, coal, was a big outstanding feature in the rather crowded list of notable happenings. The British coal

and 1,000,000 tons more than on September 1, 1925, but 4,000,000 tons below the stock held on November 1, 1925. Armistice Day in November, 1918, saw the peak point in stocks of soft coal, 63,000,000 tons. As only about 10 per cent of the current production is being exported, it would look as if there soon should be plenty of coal on hand to meet winter demands.

The advance in soft coal prices caused some notable movements in kindred lines. A number of coke-making concerns were reported abandoning that industry and selling coal direct. Coke rose nearly \$2.00 a ton and this in turn caused pig iron and finished steel to advance despite lessened buying of the latter product.

### Coal Price Jumps

**F**OREIGN trade figures for September showed that large exports of coal, wheat and refined petroleum products, notably gasoline, more than offset the lower price ruling for heavy, though not record, exports of raw cotton.

Building rallied in October, the decrease from a year ago being the smallest percentage reported in any month since March. For ten months of the year building as a whole decreased 5.9 per cent from 1925, with New York, Chicago and some other large cities showing gains over a year ago. Compared with 1924, a gain of slightly over 9 per cent is shown.

The year's crops have shown marked variances in yields. Conspicuous increases are noted in cotton, winter wheat, rice, apples, peaches, pears, grapes, and white and sweet potatoes. On the other hand, corn, spring wheat, oats, barley, rye, hay and tobacco showed heavy decreases. Owing to lowest prices of the year for corn and lowest prices for five years in cotton, the yield of the crops in money value may be well below that of 1925.

With November 1 past and the 17,918,000-bale estimate of the Agricultural Department at hand, it may be said that the worst, if such a term may be used about a crop yield, is known. This crop compares with 16,104,000 bales ginned last year and 16,135,000 bales gathered in 1914, the hitherto peak year. From September 1 to November 1, this year, the estimated yield of the crop has risen from 15,166,000 to 17,918,000, or by 2,752,000 bales or 18 per cent. During the same period the price of middling uplands cotton shrunk from 18.90 to 12.85 cents or by 6.05 cents or 32 per cent. The actual lowest was 12.45 cents, touched on October 26, but since then a firmer tone has shown itself.

Compared with November 1 a year ago the decline in price was just one cent more than the drop in September and October, but the decline in prices is 35.7 per cent.

## BUSINESS INDICATORS

Latest month for 1926 compared with same month of 1925; and the average month to date for 1926 and the average month for the years 1925 and 1924 compared with the average month for the year 1923

Average Month, 1923 = 100%

Production	Latest Month 1926 Compared With Same Month 1925	Average Month 1926 to Date	Average Month 1925	Average Month 1924
Pig Iron	110	98	91	78
Steel Ingots	113	110	102	85
Copper (Mine Output U. S.)	106	117	114	101
Zinc	110	118	111	101
Coal (Bituminous)	101	98	93	86
Petroleum	100	101	104	97
Electrical Energy	117	128	118	90
Cotton Consumption	118	101	99	85
Automobile Production	123	120	106	89
Rubber Tires	105	138	134	114
Cement—Portland	104	119	117	109
Construction				
Contracts Awarded (46 States) Dollars	96	154	146	112
Contracts Awarded (46 States) Sq. Ft.	83	125	131	103
Labor				
Factory Employment (U. S.)	101	92	92	91
Factory Payroll (U. S.)	104	96	95	92
Wages—Per Capita (N. Y.)	105	105	104	102
Cost of Living	99	104	104	101
Transportation				
Operating Revenues	104	100	97	94
Net Operating Income	108	131	116	100
Freight Car Loadings	105	107	103	98
Net Ton Miles	105	102	100	94
Trade—Domestic				
Mail Order House Sales	90	124	123	107
Department Store Sales	107	97	106	101
Wholesale Trade	102	100	101	99
Chain Stores	110	119	127	112
Trade—Foreign				
Exports	107	109	118	110
Imports	98	117	111	95
Finance				
Debts—New York City	101	141	131	111
Debts—Outside	101	119	114	102
Failures—Number	112	115	113	110
Failures—Liabilities	112	74	82	101
Stock Prices—20 Industrials	101	160	142	105
Stock Prices—20 Railroads	113	136	122	105
Shares Traded In	73	196	196	119
Bond Prices—40 Bonds	103	110	107	103
Bond Sales	83	109	124	137
New Securities Issued	88	104	101	89
Interest Rates—4-6 mos. Commercial Paper	103	85	81	78
Wholesale Prices				
U. S. Bureau of Labor Statistics	94	99	103	97
Headstreet's	80	97	104	97
Dun's	95	99	104	100
Fisher's	95	96	101	94

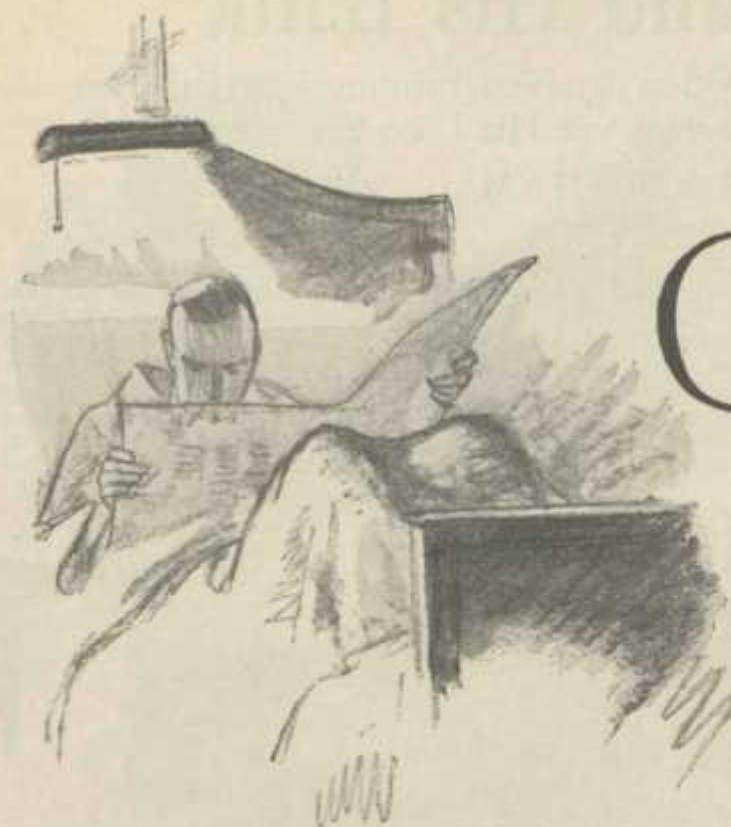
Prepared for NATION'S BUSINESS by General Statistical Department, Western Electric Company, Inc.

strike resulted in big buying of rich gas coals both for export to Britain and to former buyers of that country's fuel. Gradually the buying movement spread westward until in late October and early November some southern Illinois coal was taken for export via Gulf ports.

More important perhaps than the volume of export buying was the nervousness apparently developed among domestic users which resulted in a general advance in prices, a doubling in some cases in low grades, with advances of 60 cents to \$2.00 in wide areas. Mines idle for years were put to work, the Jacksonville scale of wages was paid in many cases, non-union mines met advances in union fields and production in the last week of October, 13,450,000 tons, broke all wartime records.

On October 1, according to the Bureau of Mines, commercial consumers and retail dealers had 44,000,000 tons of soft coal on hand, a gain of 5,000,000 tons over July 1





# Over-Sunday Hotels

**P**LAN, when you're traveling, to spend your week-end in a Statler Hotel. For Sunday's a pleasant day in these houses.

When you wake you will find that a morning paper has been slipped under your door—just as on other days.

If you want to stay in bathrobe and slippers, your breakfast will be sent up to your room. If you want to read in bed, there's a lamp to light your paper just right.

Your clean and comfortable bathroom is waiting for you; a desk, well supplied with stationery, is right there; the hotel's well-selected

library awaits your telephone call for a book to match your mood.

Downstairs, whenever you're ready for them, are attractive lounges, comfortable chairs. Excellent restaurants invite you. At certain hours an orchestra plays for you.

And as to service: If, in any

transaction in our hotels, you get something less than the complete satisfaction we promise you, I wish you'd just remind the employee serving you of his promise to me—which is to satisfy you if he can; or, if he can't, to turn the matter over to his superior at once. You'll get satisfaction, every time, if it's someone in authority.

Sunday's a pleasant day in these hotels.

*E. M. Statler*

Rates are unusually low, in comparison with those of other first-class hotels:

Rates are from \$3 in Cleveland, Detroit and St. Louis; from \$3.50 in Buffalo, and from \$4 in New York. For two people, these rooms are \$4.50 in Cleveland and St. Louis; \$5 in Detroit; \$5.50 in Buffalo, and \$6 in New York.

Twin-bed rooms (for two) are from \$5.50 in Cleveland, Detroit and St. Louis; from \$6.50 in Buffalo, and from \$7 in New York.

And remember that every room in these houses has its own private bath, circulating ice-water, and many other conveniences that are unusual—such as,

for instance, the bed-head reading lamp, the full-length mirror, the morning paper that is delivered to your room before you wake.

Everything sold at the news stands—cigars, cigarettes, tobacco, newspapers, etc.—is sold at prevailing street-store prices. You pay no more here than elsewhere.

In each hotel is a cafeteria, or a lunch-counter, or both—in addition to its other excellent restaurants. Club breakfasts—good club breakfasts—are served in all the hotels.

## Now Building in Boston:

A new Hotel Statler is under construction in the uptown district of Boston—to be opened late this year, with 1500 rooms, 1500 baths.

And an Office Building: Adjoining the hotel will be the Statler Office Building, with 200,000 sq. ft. of highly desirable office space; Rental Managers, W. H. Ballard Co., 45 Milk St., Boston.

# STATLER

Buffalo~Cleveland~Detroit~St. Louis

# HOTELS

And Statler-Operated Hotel Pennsylvania~New York

## Hotel Pennsylvania New York

The largest hotel in the world—with 2200 rooms, 1200 baths. On Seventh Avenue, 114 to 134 Streets, directly opposite the Pennsylvania Station. A Statler-operated hotel, with all the comforts and conveniences of other Statlers, and with the same policies of courteous, intelligent and helpful service by all employees.



# Everyman and His Bank

VIII—In Which Financing the Erection of a New Printing Establishment Is Discussed by the Youthful President and His Long-Suffering Banker

By DALE GRAHAM

Illustrations by Emmett Watson

LUCIFER SMITH, president of the Climax Printing Company, blew into the office on the wings of a bracing fall gale. "Get busy, everybody," he called as he shed his overcoat. "Clean this place up. It's as dirty as a newspaper city room. We're going to have an important visitor and we've got to make a good impression. Vernon Martin, of the First National Bank, is coming down to look the plant over. And talk about financing our new building."

Following the president's example, the whole staff from young Mike, the office boy, to old Briggs, the bookkeeper, began picking up papers and straightening desks.

## Expanding the Plant

"WHAT'S this about a new building?" asked Dan Houghton, the firm's secretary, as he shoved a sheaf of bills into a drawer.

"A little surprise I've had up my sleeve. Remember I talked to Martin about expanding a year or so ago, but he discouraged it. Since then we have been doing so well I've kept mentioning it to him occasionally. He surprised me the other day by favoring the idea. Our firm, he said, is no longer in the trial stage and you and I have proved ourselves capable executives. How's that?"

"Interesting, if true. But what's he coming down here for?"

"It's his idea. Of course, I in-

ger signals until his eyes fell upon a figure in the doorway.

"Why, hello, Mr. Martin," to hide his confusion Lucifer rushed with hand outstretched toward a trim little man in a gray suit. "Did you have any trouble finding us?"

"No, I walked down. You know, Lucifer, I spend too much time at my desk. I'd get out like this a lot if I didn't have such a steady stream of callers."

"This is Mr. Houghton, our secretary, Mr. Martin. We'll look over the plant together."

Dan Houghton was a little abashed, but the banker gave no sign of having overheard his remark about glass eyes and human kindness. The trio departed at once on their inspection trip.

"You have a great

eye on the lot at Fourth and Kendrick, and also on the property at 326 North Ainslee."

"The Ainslee property? In the middle of the block, isn't it? Well, for two reasons the Fourth and Kendrick site might be better. First, your business needs all the daylight it can get. Second, if you are going to put up an expensive building, the



News of the banker's coming was the signal to dust and clean up the office of the Climax Printing Company.

vited him, but I've done that many times before, and he hasn't come. Today he snapped up my invitation. Said he would like to look over our plant before he talked any more about financing a new building."

"Yeah, bankers may have glass eyes but they sure like to use 'em. You've heard that one about the fellow who said he could tell which was the banker's glass eye—it was the one that showed a gleam of human kindness."

Lucifer was making frantic gestures but Dan did not get the significance of the dan-

shop," the banker announced as they returned to the office, "but unquestionably you are crowded."

"With twice as much room we could handle four times as much business, Mr. Martin," Lucifer was delighted by the banker's admission.

"Now let's have a look at these plans that you have drawn up."

Lucifer drew some papers and blue-prints from the bottom drawer of his desk—papers that not even Dan Houghton knew existed.

"In the first place," he began, "I have my

cost won't be any greater on a good site than on a poor one, but the value of the finished structure will more than proportionately increase, compared with the difference in the price of the lots. You see, a banker looks at a project of this kind from the standpoint of how good a loan it will make for his investing public, as well as how to serve best the interests of the borrower.

"For instance, when a building is projected on a certain site, the banker immediately asks himself the question: 'As time goes on, will this location improve, stand still, or get worse?' A loan on property that has a reasonable chance of increasing in value is always most desirable, while one on a building in a neighborhood likely to





## BANISHED ~the Worry of Income Tax Time

Will next March be a frantic scramble on your part for essential figure-facts? Will it mean weeks and days of overtime and worry for you?

With the Burroughs Simplified Accounting Plan, your income tax returns can be filled in as fast as you can copy the balances from the daily profit-and-loss statement.

This plan not only takes care of your income tax report more efficiently but also gives you the figure-facts every day with which you can definitely control your business. You can plan ahead—know when to retrench or expand. Month-end trial balances are eliminated. A proved daily balance is instantly available.

Complete financial statements for your banker can be made out as fast as the figures can be read. Customers' statements are ready for mailing on the first of the month. Collections are speeded. Cash capital is increased. Goodwill is built up!

And the Burroughs systems of accounting are adaptable to any kind and size of business. There is a plan to exactly meet your special requirements, whatever your business.

Stop guessing. Stop worrying. Banish the worry of income tax time. Phone the nearest Burroughs man and ask him to show you what Burroughs can do for you. Or write us direct. No obligation is incurred.

**BURROUGHS ADDING MACHINE COMPANY**  
6536 SECOND BLVD., DETROIT, MICHIGAN

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Sales and Service Offices in all the Principal Cities of the World

### What Some Users Say:

"—no trouble with our Income Tax Report."

"With the Burroughs Simplified Accounting Plan we will have no trouble with our Income Tax Report next March; for our books are up-to-date every day. We could make an Income Tax Report any day in the year with little effort."

—Miller and Reiter  
Sandusky, Ohio

"—simply a matter of copying."

"The Burroughs Simplified Accounting Plan gives us every-day figure information about our business that we never had before. This year, for the first time, making out an income tax report will be easy. It is simply a matter of copying the daily balances we have on our General Ledger Accounts onto the Income Tax Report."

—Standard Builders Supply Co.  
Grand Rapids, Michigan

"—always has the figures ready."

"It is an easy matter to make out an Income Tax Report or a financial statement because Burroughs always has the figures ready and all that is necessary is to copy them from the ledger sheets onto the report."

—W. R. Peterson Company  
Nashua, New Hampshire

"—just the information we need."

"The Burroughs Simplified Accounting Plan has not only lessened our labor greatly, but gives the information required by the Income Tax laws, and we have discovered that the figure-facts this law requires are just the information we need to run our business profitably."

—H. L. Mann Lumber Company  
Ames, Iowa

# Burroughs

ADDING - BOOKKEEPING - CALCULATING AND BILLING MACHINES



deteriorate must have many other things to recommend it."

"Yes," Lucifer agreed, "I see the logic of that, though for a printing establishment such as ours it doesn't make so much difference whether the neighborhood is on the boom. The only difference is that our taxes would be increased."

### A Peep on the Dark Side

"YOU are right as far as you have considered it, but as I've told you before, the banker must look on the dark side—at least long enough to see how dark it is. You forget that the buyers of your mortgage bonds want to be paid whether the Climax Printing Company continues to prosper or not. They hope there will be no need to foreclose or take over the management of the property, but if the need arises they want to be in as good shape as possible. I say 'they' want to—what I mean is that the banker making the loan tries to put the investors in as safe a position as he can. Now, in case something should happen to the Climax Printing Company, the location of the building should be such that it will not have deteriorated in value too much, and the building itself should be so constructed as to be adaptable to other lines of business if necessary. That's where a careful consideration of your plans comes in."

After looking over blueprints and sketches the banker resumed: "Of course, I don't know much about your business but it oc-

curs to me that you might add two or three additional floors and rent them out until your own growth might require them. For instance, why not try to interest some good paper house in leasing space? You use lots of paper and having a warehouse in the building would be convenient. The paper people might be glad to be here, not only to have nice quarters but to enjoy an advantage in getting your business."

"Say, that's a hunch!" cried Lucifer. "And, by George, I know of an ink company that might be pulled in with the same bait."

"Probably. You see, Lucifer, all of those things help a loan when it is offered to the investing public. Not only that but your own rent would be reduced."

Lucifer sat up very straight. "Rent?" he exclaimed. "I thought we were going to build to avoid paying rent?"

### A Subsidiary Landlord

"IN THE final analysis, yes. But the building should be handled systematically. The thing to do is to form a new corporation—a building company. It would own the property, execute the mortgage, collect the rents—including a fair rental from the Climax Printing Company—and pay off the loan as it comes due."

"Where's this corporation going to get its money?"

"Why from the sale of stock to the Climax Printing Company. You see, the printing company would own all of the building company's stock—that is, unless

you could induce your paper house and ink concern to take a little. The printing company would have to guarantee the bonds. It is permitted by law to do that, since the building company is in reality a subsidiary corporation operated for the benefit of the printing company. Now, whatever equity there is in the property will be represented at all times by the capital stock of the building company."

"Oh, I see. That means lawyers, doesn't it?"

### Attention to Legalities

THE little vice-president grinned. "Yes. Like death and taxes, it's pretty hard to get away from lawyers. And you might as well be prepared; there will be other phases of the deal where good lawyers will be needed. A bank or investment company underwriting a bond issue never stints on the law end of the transaction. It's poor policy. Besides, an experienced investor always looks to see if the legality of the bond issues has been passed upon by competent attorneys for the bonds are not guaranteed by the bank or house issuing them. If a legal slip is made, the investor is the goat—unless, as a matter of policy, the issuing bank or investment dealer wants to make the bonds good."

"Which isn't often, I guess," broke in Dan Houghton.

"Oh, not so uncommon as you might think. Some houses do it as a matter of pride, and advertise that no investor ever



"You are overcrowded, all right," agreed the banker, during his tour of inspection





### 76 Internationals in the Union Ice Company Fleet

Following is a letter  
from the Union Ice Company:

"Our company has in operation seventy-six International Trucks. Two at our Reno plant are now finishing their seventh year of service. We have a fleet of Internationals operating in our San Francisco delivery, where, due to hills and cobble pavement, the requirements on motor vehicles in heavy-duty service are most exacting.

"We are well satisfied with the performance of these trucks and are pleased to acknowledge the satisfactory service which the Harvester Company is rendering from its various branches."

(Signed)

UNION ICE COMPANY  
M. H. Robbins,  
President and Gen. Mgr.

## Ice Delivery in Sunny California

UP THE steep hills of San Francisco with heavy loads of ice! Hammering over the rough cobble streets that try the fibre of men and trucks!

Seventy-six International Trucks serve the Union Ice Company whose plants and trucks are scattered all over California and Nevada. After seven years of the most strenuous service from its heavy-duty Internationals the Union Ice Company is adding more and more Internationals to its fleet. That tells volumes.

Here is added evidence of rugged power, and plenty of it. And here is proof of the climbing ability of International

Trucks. Thousands of other owners use that ability on hills. Others use it to haul rock and earth out of excavations. Others to pull loads through hub-deep mud of oil fields or to bring timber out of the forest.

Many are the stories told, by owners and drivers, of the climbing ability of their Internationals. Yet power alone does not account for the success of International Trucks. Power is backed by all the other qualities that the Harvester organization has learned to put into trucks through more than 22 years of truck building.

The International line includes the Special Delivery, Speed Trucks of 1½-ton and 1½-ton sizes, Heavy-Duty Trucks ranging from 1½-ton to 5-ton sizes, Motor Coaches for all requirements, and the McCormick-Deering Industrial Tractor. Served by the world's largest Company-owned truck service organization—121 branches in the United States and 17 in Canada—the farther you go from one the nearer you get to another. Write for complete descriptive literature.

INTERNATIONAL HARVESTER COMPANY  
OF AMERICA  
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# INTERNATIONAL TRUCKS



lost a dollar on their securities. But the point is that none of them bind themselves legally to guarantee their bond issues, unless it is for a special consideration or done through an insurance company for an additional fee. But let's get down to figures. How much is this building to cost?"

"About \$200,000, if we buy the Fourth and Kendrick site. Forty thousand dollars for the ground and between \$150,000 and \$160,000 for the building."

"Suppose you add those two extra floors?"

### Limit of a First Mortgage

"THAT would cost \$30,000 or \$40,000 more."

"All right, then." The banker reached for a pencil. "The building and grounds, at cost price, would be about \$230,000, and half of that would be \$115,000."

"What does the half represent?"

"Why, the amount we can put on as a first mortgage bond issue."

"Is that all?" Lucifer was frankly disappointed. "Where is the rest coming from—the Climax's treasury? We couldn't make the grade. Why, a friend of mine told me the other day that we could get a loan for about 80 or 85 per cent of the cost from a firm of investment dealers he knows. I took down the name."

"Yes," the banker smiled, "I could give you a list of such firms myself. They furnish run-down firms financial backing for building operations—and charge for it. They charge plenty. The First National might make you this loan on a 50 per cent basis, and pay you as much as 95 for the bonds."

"What do you mean, 95?" Lucifer was pained and incredulous.

"Ninety-five dollars for each hundred dollar bond."

"Holy tripe! Isn't it enough to pay interest without taking 95 for a \$100 bond?"

Vernon Martin smiled. "I see you don't quite comprehend all there is to this financing business. The five dollars—or five points, as we call it—go to pay the expenses of making up the mortgage, getting lawyers to pass upon the legality, printing the bonds, advertising the issue in the papers, circulars, salesmen's commissions, and finally our profit. The bank doesn't carry the loan itself. It divides it up into bonds of one hundred, five hundred, and a thousand dollars, and sells it to the public. If you had the time and facilities to go out and borrow a little here and a little there from investors, you could save the five points, but I don't think you have."

### High Cost of High Finance

"I GUESS not," Lucifer admitted ruefully.

The banker's grin broadened. "But you haven't heard the worst. We were talking about the investment houses that lend 80 or 85 per cent. They take ten or fifteen points profit, but make it attractive for weak borrowers by lending more money. For instance, on this loan we might lend you 50 per cent of the true valuation—\$230,000. You would get from the sale of the first mortgage, \$109,250, leaving us \$5,750 for expenses and profit. The other people would make a very optimistic appraisal on the very property—say \$350,000—and lend you half of that, \$175,000, less fifteen points. This would net you \$151,250, and give them \$24,750 for the financing charge. In other words, getting the extra \$42,000 would cost nineteen thousand dollars extra. Now a firm unable to finance itself otherwise will often jump at such an

opportunity to get a bigger loan even at much greater cost in the long run.

"The fellow who pays is the investor who buys the bond. He takes the inflated appraisal as the true value. If the firm is successful and pays the interest and principal as it comes due, no one is hurt. During the past decade, when real estate values have been going up, many of these loans have worked out without disaster. But sooner or later the reckoning will come. Every little while such a finance company goes to the wall, with many unhappy investors holding the bag."

"Why, Mr. Martin, do people buy from those dealers instead of more reputable houses?"

"There are two reasons. First, these houses are not known by all investors as being questionable. Wholesale trouble has been averted by the rising real estate market, and by such houses making good a number of weak loans that defaulted. But the big reason why they get investors is another thing that would affect you seriously if you borrowed from them—a higher interest rate."

"In addition to paying a greater financing charge, you would have to pay from one to two per cent more annually for your money. That's how they get unwary investors for weak real estate loans—the high rate looks good."

### Raising Extra Funds

"I BEGIN to see," said Houghton slowly.

"But, Mr. Martin," Lucifer cut in. "I can't blame builders for getting all they can, even by paying more. For instance, it is going to be hard for the Climax Printing Company to put up the other half of the building expense in cold cash."

"It shouldn't be necessary to put up all the other half in cash. Ever heard of a second mortgage?"

"Yes, I owned one once and it died on me."

"They are not all bad, though a bank ordinarily won't handle them. The fellows to unload second mortgages on are the fellows who make money on the building—the contractor and the architect. You should be able to get them to take about \$25,000 to \$30,000 in second mortgages as part of their pay. These mortgages will have to draw a higher rate and you will have to take a bigger discount than five points, perhaps, but it is cheaper than getting the money from the type of investment dealers we have been discussing."

"That's something I hadn't considered," declared Lucifer. "I'm getting new ideas all the time."

"Old ideas, Lucifer, very old. You just haven't had occasion to hear of them. But getting down to the details: Suppose we figure tentatively on a loan of \$115,000. It might work out \$120,000 but we will use \$115,000. At 5½ per cent your biggest charge would be \$6,325 for the first year."

"Now the usual plan is to arrange the maturities so you can pay off a part of the debt each year. This is an advantage to you and an advantage to us. It makes it possible for you to retire the bonds with regularity, and still not sacrifice interest by paying any before they are due. It also makes the loan easier to sell to our customers, because the diversity of maturities will accommodate the demands of various people. Some want investments for short periods, while others want long-term stuff. Of course, we will sell the different maturities at slightly varying prices, the short-

maturity bonds giving the lowest net yield, the long-term the highest yield.

"Now, suppose we make the maturities like this:

\$5,000 due Dec. 1, 1927.	
(Interest \$6,325—total \$11,325.)	
\$6,000 due Dec. 1, 1928.	
(Interest \$6,650—total \$12,650.)	
\$7,000 due Dec. 1, 1929.	
(Interest \$5,720—total \$12,720.)	
\$8,000 due Dec. 1, 1930.	
(Interest \$5,325—total \$13,325.)	
\$9,000 due Dec. 1, 1931.	
(Interest \$4,890—total \$13,890.)	
\$10,000 due Dec. 1, 1932.	
(Interest \$4,100—total \$14,400.)	
\$10,000 due Dec. 1, 1933.	
(Interest \$3,350—total \$13,850.)	
\$10,000 due Dec. 1, 1934.	
(Interest \$2,300—total \$12,800.)	
\$50,000 due Dec. 1, 1935.	
(Interest \$2,750—total \$52,750.)	

Lucifer looked over the figures the banker had scratched on a large piece of paper.

"Holy mackerel! How do you expect us to pay off that fifty-two thousand in one chunk?"

"I don't," Vice-president Martin replied, quietly. "You see, I've arranged the maturities so they are fairly uniform—the principal payments becoming heavier as the interest payments become lighter. At the end of nine years you will merely have to re-finance the remaining \$50,000 of debt, providing you are not so wealthy you can pay it off at once."

"And pay another five points commission?"

"Well, a commission at any rate. But the principal reason is that the investing public doesn't want to buy real estate bonds having maturities much over nine or ten years. Therefore, we will make the last \$50,000 come due in 1935 and issue some new bonds then."

Lucifer took out his pencil and began figuring on his own account.

"Then the Climax Printing Company, or the building company, will have to put up about \$90,000 in cash. Is that right?"

"Just about right."

"When would we have to do it?"

### Using the Mortgage Proceeds

"WELL, for the safety of our bondholders, your money would have to go in first, then the proceeds of the first mortgage loan would be used to complete the building. You see, when you sell us the loan we will credit your account in the First National Bank with the proceeds, \$109,250. This account would be in your company's name, but would be controlled also by the trustee. As the building progressed, you would draw drafts on the account and attach a certificate from the architect that the construction had been completed to a point to justify the release of so much funds—say \$10,000 at a time. Upon examining the architects' certificate and finding it satisfactory, the trustee would countersign the check and the bank would pay it."

"No way to get around that system, is there?"

"Well, it's a routine procedure for the protection of the people to whom we sell the bonds. The other precautions we take are also for the protection of the investors."

"It looks like it's going to be darn complicated. But we need a new building and I guess we will play ball with you."

The banker rose. "All right, when you get ready to play, come up in our diamond."

"That wasn't such a funny crack," remarked Houghton after Martin had gone.

"Funny or not, we are lucky to be invited to play on his diamond after you sprung that aged gag about the glass eye."



## THE PAVEMENT THAT OUTLASTS THE BONDS

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Will the pavements which you are paying for today with your taxes last as long as the pavements laid in your father's day? Here are some of the communities which are using veteran brick pavements

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New Cumberland,  
W. Va.

#### 35 Years and over

Bucyrus, Ohio  
Buffalo, N. Y.  
Butler, Pa.  
Canton, Ohio  
Cleveland, O.  
Clinton, Iowa  
Columbus, O.  
Jacksonville, Fla.  
Lancaster, O.  
Lincoln, Neb.  
Pensacola, Fla.  
St. Paul, Minn.  
Sewickley, Pa.  
Springfield, Ill.  
Stuebenville, Ohio  
Sunbury, Pa.

#### 30 Years and over

Alton, Ill.  
Biloxi, Miss.  
Danville, Ill.  
Davenport, Iowa  
Des Moines, Iowa  
East St. Louis, Ill.  
Joliet, Ill.  
Norwalk, Ohio  
Tonawanda, N. Y.  
Williamsport, Pa.  
Winona, Minn.

#### 25 Years and over

Cambridge, Mass.  
Chillicothe, O.  
Elgin, Ill.  
Greenville, Miss.  
Jamestown, N. Y.  
Meridian, Miss.  
Minneapolis, Minn.  
Omaha, Neb.  
South Bend, Ind.

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It's only the part of good business to advocate brick pavements.

PAVING BRICK  
Baffles the Tax Bug

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Baffles the Tax Bug

PAVING BRICK  
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NATIONAL PAVING BRICK  
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Engineers' Building CLEVELAND, OHIO



# Congress and Business: A Forecast

By WILLARD M. KIPLINGER

**I**N THIS article Mr. Kiplinger gives his annual summary and forecast of business issues before Congress. The interpretations, opinions and conclusions are his own, supported by the advice of a dozen or more collaborators, and are independent of any views of NATION'S BUSINESS.

The substantial accuracy of Mr. Kiplinger's forecasts of the last session makes us feel like suggesting careful consideration of this article. Other articles on Congress will follow in future months.

Readers are invited to assist in this work by submitting their views, criticisms or questions on legislation. Correspondence will be regarded as confidential, not for publication. Address NATION'S BUSINESS, Washington, D. C.—THE EDITOR.

**C**ONGRESS faces the most perplexing short session in years and many important business issues are entangled. Ordinarily the short session is tame, but this one is exceptional.

The main job is to pass appropriations for running the Government in the fiscal year beginning next July, but this is fairly routine and unspectacular.

The biggest fights, so far as business is concerned, will come over tax reduction, agricultural relief, and the McFadden banking bill. Tariff revision talk will be disquieting, but will be limited to discussion. Prohibition and "slush funds" will be subjects for oratory.

Republicans control both houses, and the membership is practically the same as in the long session which ended last July. It includes the "lame ducks" who were not re-elected in November. The new Congress elected then is not scheduled to meet regularly until December, 1927, and it is improbable that a special session will be called to meet soon after the compulsory adjournment March 4.

This session marks the end of effective control by administration Republicans. The House in this session contains 248 Republicans, 182 Democrats, 3 Farmer-Labor, 2 Socialists, giving the Republicans a preponderance of around 60 in total membership of 435. The Senate contains 55 nominal Republicans, 40 Democrats, one Farmer-Labor, giving the Republicans a margin of around 15 in total membership of 96. But at least 6 of the Republicans are "insurgents," and two or three others cannot be counted upon to play with the Administration, so that the actual working majority is under 10.

In the succeeding Congress, the House will have a Republican margin, probably 28 over Democrats, irregular Republicans and minor parties combined. The Senate will have probably 49 Republicans, of whom 7 are insurgents, leaving only 42 dependable Administration men. The Democrats will have probably 46 votes. Thus the balance is close. The insurgents are likely to vote with Republicans on organization of the Senate, the naming of committees, etc., and the Democrats will not be averse to this, for they give signs of preferring not to take responsibility of managing a Senate which is sure to clash with Administration policies on such big issues as taxes, tariff, and agri-

culture. Insurgents will not necessarily swing to Democratic programs, but they will make trouble on many Administration policies. Offsetting them will be a number of Democratic senators from the east and south who are essentially conservative. Thus the balance will still be close.

There are two reasons why this prospective situation of 1927-8 is important in the forthcoming short session. First, Administration leaders will try to cultivate the good will of insurgent Republican senators and will listen to their counsels. This will be important on agricultural legislation and on certain big-business and anti-trust issues. Second, many business groups are making plans to jam through important bills which affect them at this short session, while there are known quantities in Congress, rather than risk the uncertainty and suspense of the succeeding Congress. This will contribute toward making the short session hectic.

Inevitably many measures must fail of passage. The legislative gates are crowded and cannot be crashed. False hopes now prevailing will sink as the session progresses, and many business groups will be left with another year or two of organization and agitation for or against bills touching them. This may as well be recognized now as next March.

The showing of results at this session will be made on bills already half enacted, passed by one house or the other at the previous session, and retaining their progress status at this session, which is a continuing part of the Sixty-ninth Congress. Most bills which have not already passed one house cannot be enacted finally at this session, and consequently will start anew at the bottom of the legislative ladder a year from now, with the revisions which time always brings. There are certain exceptions, to be noted later.

Appropriation bills will be hatched in the central appropriations committee of the House, following recommendations of Budget Commissioner Lord, and incubated first in the House, then in the Senate, the last of the flock being finished in the nick of time before adjournment.

A filibuster to kill some appropriation bills and force the President to call an extra session of the new Congress after March 4 is under consideration by a few Democrats and western Republicans interested in farm legislation, and affords a real danger. A good guess is that this group will decide that public opinion will not support a filibuster and will give up the idea.

Quite a large number of bills affecting limited lines of business will slip through between the fights on bigger issues, many already having been passed by one house. Some business groups are only now awakening to realize that measures affecting them are half-way on the road to the statute books.

Following is a brief summary of outstanding issues which affect business, together with qualified forecasts which represent the weighted opinions of about a dozen trained observers of Congress, focused through the writer. It should be said that there is no absolute unanimity on any of the opinions and forecasts, and in cases of violent disagreement on prospects, the writer

has used his own individual best judgment. Readers are invited to submit their opinions and analyses for the guidance of future articles.

## Taxes

**P**RESIDENT'S proposal of 10 or 12½ per cent credit of personal and corporation income taxes payable in 1926, to be deducted from March and June instalments, 1927, will be hard to beat. Permanent reductions probably will be postponed to 1928. Much opposition certain.

The President quite unexpectedly after the November elections announced his advocacy of a discount on income taxes payable this year, as a means of distributing the Government's surplus, estimated at around \$300,000,000 for the fiscal year ending next June. The rapid rise of tax reduction demands by Democrats and trade associations (who wanted a cut in the 13½ per cent corporation rate) probably was responsible for the President's decision. Many Republican leaders in Congress are lukewarm on the plan, but will support it. Democrats will counter with a permanent reduction plan, affecting corporation rates, automobiles, admissions, etc., and will be supported by many business interests. Situation will be complicated, but single purpose and simple method of the President's plan will give it great tactical advantage. Final action not likely before late January.

## Agriculture

**M**CNARY-HAUGEN principles gaining, especially when combined with crop acreage restriction plan; some cotton votes may tie up with corn and wheat votes on it; situation very muddled and uncertain; opponents probably can prevent enactment.

This is by far the biggest problem before Congress, economically and politically. The Administration shows less opposition to McNary-Haugen equalization fee principles, but certainly has not accepted them. Twenty-three changed votes in the House would swing the amended bill, but it seems doubtful whether these can be rounded up from the Democratic-cotton South, for Democrats are entirely willing to leave the Administration in a hole on agricultural relief. No other major agricultural legislation can get through, as a substitute for McNary-Haugen. Agricultural resentment will turn to attack tariff. Agricultural relief and tariff revision are likely to be related legislative undertakings of 1928.

Minor agricultural bills which can pass: To strengthen farmers' coops on boards of trade. To standardize baskets and hampers. To provide agricultural attachés abroad. To revise grazing policies.

Minor bills which probably will not pass: To abolish grain and cotton future trading. To abolish or greatly curtail cotton crop reports. The "virgin wool" bill.

## Banking

**C**HANCES 60-40 in favor of passage of McFadden banking bill, as Administration measure, without Hull amendment, but including recharter for federal reserve banks; very hard fight, however.

Bill is still deadlocked in conference, and there is a plan for changing the House conferees, as a step toward leaving out the Hull amendments. This will precipitate a series of attacks on the Federal Reserve System, and the situation will be critical. American Bankers Association's reversal of policy, now opposing





*Downtown San Francisco is growing so rapidly that a new skyline-picture has to be taken every few months. This is the latest one.*

# San Francisco—Western Headquarters

PART II

By CAPEN A. FLEMING

*Manager, Industrial Department San Francisco Chamber of Commerce*

**A**N EASTERN furniture manufacturer who recently bought a site in the heart of San Francisco, on which is now being built a large furniture factory, explained some of the reasons that governed his decision.

His site, selected after a complete survey, was chosen, among other reasons, because he wanted to be close to the "back doors" of the largest possible number of retail store customers, and because he valued the advertising gained from a location in San Francisco, on a main artery of travel. Freight service and general distribution facilities being equal at various points in the San Francisco Bay area, he selected the city itself because within its limits he found 68 per cent greater population than within the switching limits of any other Bay point.

The signboards of the San Francisco

manufacturer are up in Japan, and California foodstuffs are sold and eaten a thousand miles up the Yangtse. On the Atlantic Coast the San Franciscan competes with mid-western distribution points, as to freight rates, as far inland as Pittsburgh. But his primary market is right at his back door, in San Francisco, the Bay area and the populous territory that is served from here at lower freight cost than from either southern or northern points.

## The Transportation Situation

How easily this market is served from San Francisco! Here are the terminals of all transcontinental lines serving the mid-continent. From here, also, three rail lines run into the northern counties of California and one to the northwest Pacific Coast. Three others reach southward, down the rich valleys to the south-

ern counties, and from there east. No other city west of the Mississippi provides such a ramification of rail transportation. Similarly, San Francisco Bay, the largest landlocked harbor in the world, is the home port for 113 steamship services and



*More people pass daily through San Francisco's famous Ferry Building than through any other one terminal station in the world—a tremendous market at your door*

[ADVERTISEMENT]



a port of call for almost every ship afloat in the Pacific. And, reaching north and south along the Sacramento and San Joaquin rivers, stern-wheeled steamers ply their picturesque and profitable trade, carrying San Francisco merchandise to interior cities and towns, and returning with decks piled high with agricultural produce.

The value and the tonnage of receipts and shipments from the Port of San Francisco for 1925 exceeded the figures of the three other Pacific Coast ports combined, as follows:

	Tons	Value
San Francisco..	57,964,228	\$2,304,222,335.00
Los Angeles....	22,444,000	741,911,000.00
Seattle .....	7,848,000	772,832,000.00
Portland .....	4,199,000	est. 500,000,000.00
Total of Los Angeles, Seattle and Portland....		
	34,491,000	\$1,814,743,000.00

(Figures for San Francisco are from Annual Report, Chief of Engineers, U. S. Army, 1925; for Los Angeles from Statistical Department, Los Angeles Harbor Commission; for Portland from Port of Portland Commission, Traffic Bureau; for Seattle from The Seattle Port Wardens 1925 Report.)

From the manufacturers' standpoint the Port of San Francisco is the natural gateway to 900,000,000 people, a market which has as yet been hardly touched by California manufactured output.

### The Value of Central Location

The eastern manufacturer seeking a Pacific Coast location finds that the trails of

'49—and the ocean traffic—that converged at San Francisco still converge here, and so do the population and industry of the Pacific slope. The little shipyards that started up to meet the needs of clipper ships have become great drydocks capable of receiving battleships; the forges that hammered out wagon hardware grew to foundries and steel mills. In 1923, to use the latest available government figures, there were over four hundred metal working plants, with a total annual product value of \$47,000,000 and a payroll of more than 7,000 men earning wages above \$10,500,000. Similarly, and with the development of her vast productive back country, the food products industry manufactured in its 418 plants an output worth \$109,000,000, and furnished employment to 7,300 employees with an annual payroll of nearly ten million dollars. Coffee and spices alone amounted to \$24,000,000 yearly from twenty busy plants. The market reaches to the Mississippi River, and beyond. Today, San Francisco's 42 square miles produce \$529,000,000 annually in manufactures, or as much as the whole of California gave forth in 1909. Putting it another way, with less than 2 per cent of the entire Bay District area, the city itself produces one-third of the \$1,379,415,000 of yearly manufactures that come from this district of 2,464 square miles.

### Many Industries Focus Here

Some of the lines of industry of which San Francisco is the center for the Pacific coast are:

*The Furniture Industry, San Francisco*



San Francisco Furniture Exchange is the only one west of Chicago

having, in addition to her 69 furniture factories, the only Furniture Exchange west of Chicago.

*The Apparel Manufacturing Center* with a new eleven-story Apparel Center Building just being erected to provide a market center for this growing industry.

*The Sugar Industry*, the only cane-sugar refineries on the coast being here, one of which is the largest in the world.

*The Coffee Industry*, with twenty coffee-roasting plants in San Francisco. San Francisco has become so well recognized nationally as the western coffee center that the United States Government has recently ordered that all bids for coffee ordered by the Twelfth Naval District shall be opened in San Francisco.

*The Bag Industry*, San Francisco having four out of the seven bag factories on the coast.

*The Steel Industry*, with the largest mills on the coast.

*Cordage and Wire Rope Industry*, the largest plants on the coast in both lines being located here.

*Envelope Industry*, with three envelope-making plants, one of which is the largest west of Chicago.

*Paper Boxes and Cartons*, San Francisco leads the packing case industry in the west, two plants here being larger than any others west of Chicago. In the vicinity of San Francisco the paper itself for these cartons is made from waste paper.

*Glass Bottles and Containers*. The two San Francisco plants are far larger than any others in the west, and their volume makes San Francisco easily the leader in this line.

*Chocolate*. San Francisco's four chocolate plants virtually have the chocolate-making field to themselves, one of the plants here being the largest west of the



Downtown office-building and loft districts overlooking the bay—headquarters for light industry

[ADVERTISEMENT]



Atlantic seaboard. Twenty million pounds of chocolate are produced in San Francisco annually.

Tennis racquets, glacé fruits—many other industries might be added to the list here given, in which San Francisco is recognized Pacific coast manufacturing headquarters.

#### Abundant Power at Low Cost

Hydro-electric power and crude oil supply low-cost power that may be depended upon. San Francisco industries are never tied up for lack of them. Large industrials whose use of power runs into huge quantities each month may purchase a considerable portion of their requirements for as low as  $5\frac{1}{2}$  mills per kilowatt hour. Industrials, such as cement mills and chemical industries whose power requirements are continuous and fairly steady for the greater part of the day, purchase their electric energy for an average cost of  $7\frac{1}{2}$  to 8 mills per kilowatt hour. San



Largest lithographing plant west of Rochester, New York. It reaches to the clock-tower.

Francisco is also adequately supplied with manufactured gas for domestic, commercial as well as for industrial purposes. In case of crude oil, a barrel at \$1 will supply an amount of heat measured in B. T. U.'s equal to that obtained from



The Great Highway—San Francisco's ocean-front esplanade and playground "for all the people" (Taken February 22)

\$1.50 worth of natural gas at 30 cents per 1,000 cubic feet, or \$2.33 worth of coal at \$10 per ton.

#### Consistent Prosperity

San Francisco, with its large immediate buying market, is singularly free from "ups and downs." For many reasons, depressions that sometimes are said to "sweep the country" are felt here not at all, or as the ripples of a wave that has spent its force. Industry is so completely diversified that neither temporary depressions nor exceptional prosperity in any one line makes itself felt seriously in the city as a whole. The buying market is always here, always fairly stable, and free alike from economic depressions and orgies of wasteful extravagance.

#### New Merchandising Methods

Small-quantity ordering by dealers, rapid changes in styles, swift obsolescence due to inventions in fields such as radio equipment—all place a yearly greater carrying-burden on the manufacturers' shoulders, and call for closer proximity to the market served. Important in the east, these new factors are even more weighty in getting and holding the rich trade of the Pacific coast and the Far West, and for all this area San Francisco offers recognized advantages. Her present manufacturing output is three and one-half times as much, per square mile of city area, as that of Portland, Oregon, to the north, and more than eight times

as much per square mile as that of Los Angeles, to the south, and there is plenty of room for more industries along her magnificent harbor frontage, and belt-line and other switching areas.

To meet the specific needs of manufacturers who are studying the problem of location on the Pacific coast, the San Francisco Chamber of Commerce, in its Industrial Department, has established an engineering information service, free on request.

To take advantage of it you need only write for a questionnaire, which, when filled out and returned, will enable the Industrial Department to picture your problem and undertake the preparation for you of an unbiased engineering report. This study and report will be made by the Department's Industrial Engineer and submitted to you without cost or obligation.

Write to the Industrial Department, Chamber of Commerce, San Francisco, California, for the questionnaire, or for any specific information desired.



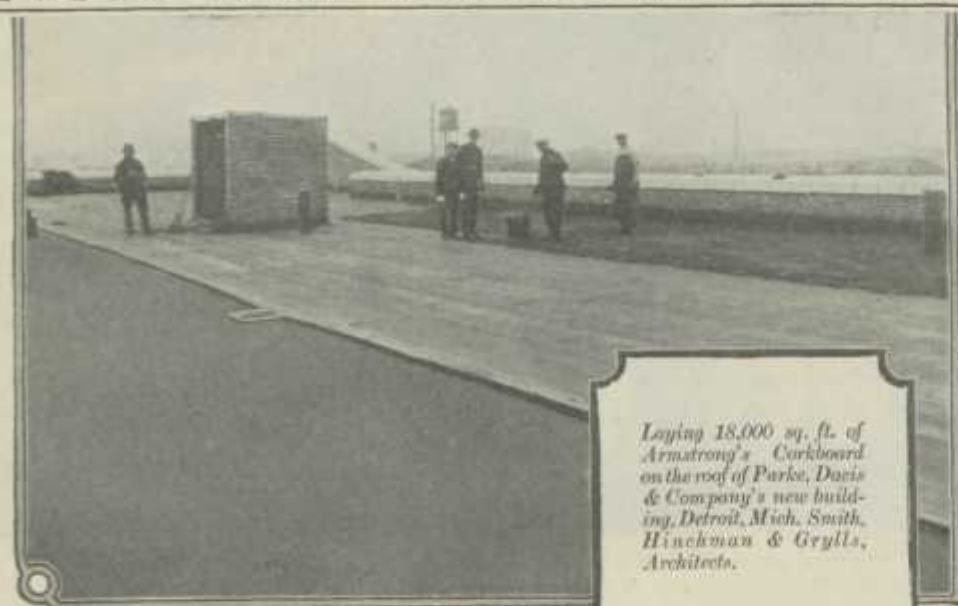
The Pacific Fleet stages a party in the Bay



Mid-winter scene (January 8) in Golden Gate Park



## EVERY ROOF NEEDS INSULATION



Laying 18,000 sq. ft. of Armstrong's Corkboard on the roof of Parke, Davis & Company's new building, Detroit, Mich. Smith, Hinchman & Grylls, Architects.

## Making Top Floors Warm and Easy to Heat

A SURPRISINGLY large amount of heat passes out through the ordinary roof in cold weather. That's why top floors and single story buildings are often so hard and expensive to heat. That's why Parke, Davis & Company of Detroit have insulated the roof of their new building, illustrated above, with Armstrong's Corkboard.

Armstrong's Corkboard is made of pure cork—Nature's own insulation. Laid in the proper thickness, it makes a roof practically heat-tight and keeps top floors warm in winter with much less fuel. In fact, the saving in heating costs will pay for the insulation in a few seasons.

Any roof—new or old—flat or sloping—wood, concrete or metal—can be insulated easily with Armstrong's Corkboard. It is moistureproof, will not buckle or swell, and forms a permanently substantial base for any type of roofing. It is supplied in boards 12 by 36 inches, and from one to three inches thick so that adequate insulation can be secured with a single layer at low labor cost.

Existing roofs, too, can be easily insulated by putting cork right over the old roofing and laying a new roof over the cork.

### ARMSTRONG CORK & INSULATION COMPANY

(Division of Armstrong Cork Company)

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Branches in the Principal Cities of the United States

## Armstrong's Corkboard Insulation

for the Roofs of All Kinds of Buildings

When written to ARMSTRONG CORK & INSULATION COMPANY please mention *Nation's Business*

the Hull amendment, turned the tide and won a larger measure of Administration support.

Hearings on Federal Reserve System will continue, hung on the Strong bill, which is not expected to pass; plan is to revise reserve system next year. "Blue sky" bill probably will not pass.

### German Claims

BILL to liquidate German and American war claims and provide for return of alien property, can pass House, but will get all tangled up in Senate; final action very doubtful.

A real investigation of the Alien Property Custodian's affairs by the Borah committee is probable, and will stimulate action. Ways and Means Committee went to work early to formulate plan for liquidating all claims. Trouble will come on conflicting details of plan. Most Washington opinion is that the problem will be settled; the writer is less optimistic, thinking only a partial measure will get through.

### Waterways

THERE are enough Senate votes to pass the rivers and harbors bill, but it probably will be delayed to permit vote trading.

House has already passed it, and Senate takes it up December 14, but will dally it along, while the Supreme Court is deciding whether the Chicago River may take water from the Lakes. It is a fight between Chicago-Mississippi Valley on one side and Lake ports allied on the other side, with "pork" thrown to Lake port interests to swing their votes.

St. Lawrence waterway does not come up; American commission will not report on it until spring.

### Railroads

PARKER bill for permissive consolidation ought to pass House, and situation in Senate is favorable, but there is a strong possibility of its being caught in late-session jam and failing of enactment.

There is little real opposition in either house. Shortage of time makes chances of enactment not much better than 50-50.

Bills which probably will fail of enactment: Railroad interest bill, due to farmer opposition. To abolish Pullman surcharges. To reorganize Interstate Commerce Commission on a regional basis.

### Tariff

MUCH talk, little action, real fights in 1928.

Democrats will make threatening gestures to revise the tariff, but will not expect to do much except to stir up the issue for the succeeding Congress. There will be further disclosures of new disagreements within the Tariff Commission, which will give impetus to proposals to cut the Commission from six to four, and possibly to make it responsible on so-called "flexible tariff" to Congress instead of to the President, a radical change of fundamental tariff principles.

### Coal

GREAT show of demand for legislation to regulate the industry; chances of passage extremely doubtful.

Demand comes largely from consumer interests in Eastern cities for a bill providing for Government coal fact gathering and emergency regulation by the Executive, in the face of an expected coal miners' strike next April. Congress is touchy on coal, however, and is inclined to put it off.

### Trusts

NO REAL anti-trust legislation, but motions in this direction.

The "electric power trust" may get a verbal drubbing from western insurgents, on grounds of "monopoly," holding companies, pyramid-



### Write for These Books

Full information regarding the insulation of roofs—methods effected, methods of installation, etc.—are given in the book "Insulation of Roofs with Armstrong's Corkboard." If you have trouble with existing ceilings, write for the book "The Insulation of Roofs to Prevent Condensation." A copy of either or both books will be sent, free of charge, on request.



Reg. U. S. Pat. Off.



ing, etc.—much talk on this. This will lead to criticism of the entire movement for industrial and commercial combinations. A congressional commission to take a year or two to investigate conditions and propose amendments to anti-trust laws, is under discussion, generally, not quite specifically as yet. The Ripley articles are quite an influence. The Walsh resolution for Federal Trade Commission investigation of certain recent combinations is still pending; there may be further hearings. The Federal Trade Commission probably will not complete its investigation of the "electric power trust" for at least two months.

### Shipping

**NO MAJOR** legislation on merchant marine policies expected.

Appropriations for the Shipping Board probably will be better, as a substitute for subsidy. General apathy toward national shipping policies is slowly waning.

### Aeronautics

**A BIG** fight is brewing on charges that the five-year air development program of the army and navy is being retarded by reactionaries in the War and Navy Departments. Ample appropriations will be made for lighting airways for night flying and for other features of commercial aeronautics.

### Radio

**SOME** radio regulation bill may be passed, but nothing as fundamental and far reaching as either the House bill or Senate bill, now deadlocked in conference.

Broadcasters have been "good" in absence of government regulation and another year may be taken to "think it over."

### Muscle Shoals

**CONTINUED** deadlock probable.

This is all tied up with congressional talk about the "power trust." The interests fighting for Muscle Shoals are so big that they probably cannot settle the leasing question in Congress for another year.

### Postal

**MINOR** rate reductions possible; whole program for general reduction of the present high "temporary" rates on second, third and fourth class very doubtful.

Chances of general reductions are considerably better than last year, and force behind reductions is well organized—referring to publishers, direct mail advertisers and mail order houses. The postal deficit remains an objection to reducing rates, however, despite arguments that the postal service should not be considered a proposition of "paying for itself within itself." The proposal to restrict the supplying by the government of printed stamped envelopes has little chance of passage.

### Merchandising

**THE** merchandise misbranding bill might pass, but it has not much force behind it. This bill to legalize contracts for maintenance of resale prices has too much opposition to pass.

A number of minor bills relating to labelling of packages, standard weights of bread, permission to use corn sugar, etc., in certain food products without labelling, have favorable chances of passage. Some are very important to certain business lines. Space is insufficient for detailed discussion here.

### Foreign Trade

**THE** bill to give permanent status to the foreign service of the Department of Commerce will pass.

There will be a strong fight to increase appropriations for the Bureau of Foreign and Domestic Commerce, especially for district offices in this country. Chances are unfavor-



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Williams lather holds so much moisture that it thoroughly drenches each beard bristle. It soaks the whiskers so soft that the razor seems to glide through the beard stubble. Williams lather lubricates the skin for easy shaving—leaves it soft and smooth.

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# Williams Holder Top Shaving Stick

able for the bill to legalize import combinations (comparable to export combinations under the Webb-Pomerene Act), and for the bill to establish foreign trade zones at American ports.

### Prohibition

**A** GREAT deal of talk, but no action. A bill to reorganize prohibition enforcement in a separate bureau of the Treasury might pass.

### Election Funds

**T**HIS is a leading political issue for Democrats, who will make much of it in preparation for the 1928 elections.

A new corrupt practices act will be proposed but not enacted. A mathematical and political appraisal of the Senate suggests the strong possibility of the unseating of Vare of Pennsylvania and Smith of Illinois next year (they do not take their seats at this session).

### Foreign Relations

**F**RENCH debt ratification depends entirely on French action first. The World Court probably will not come up again formally.

The Senate will approve the French debt without question after the French Parliament has acted, which may be done too late for this session. Much bad feeling against the French for their criticisms of America's part in the war will crop out in numerous speeches and will disturb international political relations seriously, perhaps materially.

Sentiment for the World Court has undoubtedly declined in the Senate since American

entrance was approved last session. The only question remaining is American acceptance of member nation's interpretations of the American reservations; our Government's inclination is not to accept them.

There is not much push behind ratification of the Turkish treaty. A bill to admit parcel post shipments of Cuban cigars, and to make other postal adjustments with Cuba, will raise quite a series of political difficulties.

### Immigration

**N**O CHANGES of major importance are probable. Application of the quotas to Mexican and other Latin-American immigration will be much agitated.

### Nominations

**T**HE principal issues in prospect over Presidential nominations relates to confirmation of H. H. Glassie, Democrat, as member of the Tariff Commission, providing the President decides to continue him in office.

Indications are that the Senate will confirm S. J. Lowell and E. B. Brossard, now serving as members of the Tariff Commission, and A. F. Myers, new member of the Federal Trade Commission. Another position on the Federal Trade Commission is to be filled. An important decision must be made in December as to whether Frederick I. Cox is to be reappointed to the Interstate Commerce Commission when his term expires at the end of December; Pennsylvania and the South each want a representative in this post.

## As One Man Looks at Life

**T**HE letter printed below which came the other day seemed so human that we thought others might be interested in it. We like subscribers, but still we find it hard to disagree with this man whose life is so evidently being well lived. Here's his letter without, for obvious reasons, his name and home town:

I thank you for the opportunity of inspecting a copy of NATION'S BUSINESS which I have examined and read carefully.

For business and professional men I should say it is an excellent magazine. For myself I am unable to see where it can be much help since I am neither. I am simply a "hired hand" having been a railroad telegrapher and small-town station agent for twenty-five years and I seem to have no ambition to rise above my present position in railroad work. I was born and raised a farmer and accidentally fell into this work when farming seemed to offer little for the effort expended and I had to earn a living. Railroad work in general is uninteresting to me and I take and read a lot of farm papers. I find more enjoyment in delving into new feeding methods for livestock or in studying systems of building up run-down farm land than I do in the methods of getting the stock or farm products to market at the lowest cost and in the quickest time as I should know in my work for a transportation company.

I do all the work incident to a one-man station, forward and receive freight and express shipments, sell tickets, check baggage, handle train orders and commercial telegraph business and numerous other things which come in my line of work and for this I receive enough money to enable me to own a little farm and hire part of the work done which I would enjoy doing myself, while I feel like I am a slave to dull routine in a line which does not interest me and I go home in the evening to milk cows and sloop hogs to get a little pleasure.

Why do I keep on doing the things which do not interest me? I have a family which I love. I have a son who is a graduate of the state university and who is now a nominee for a

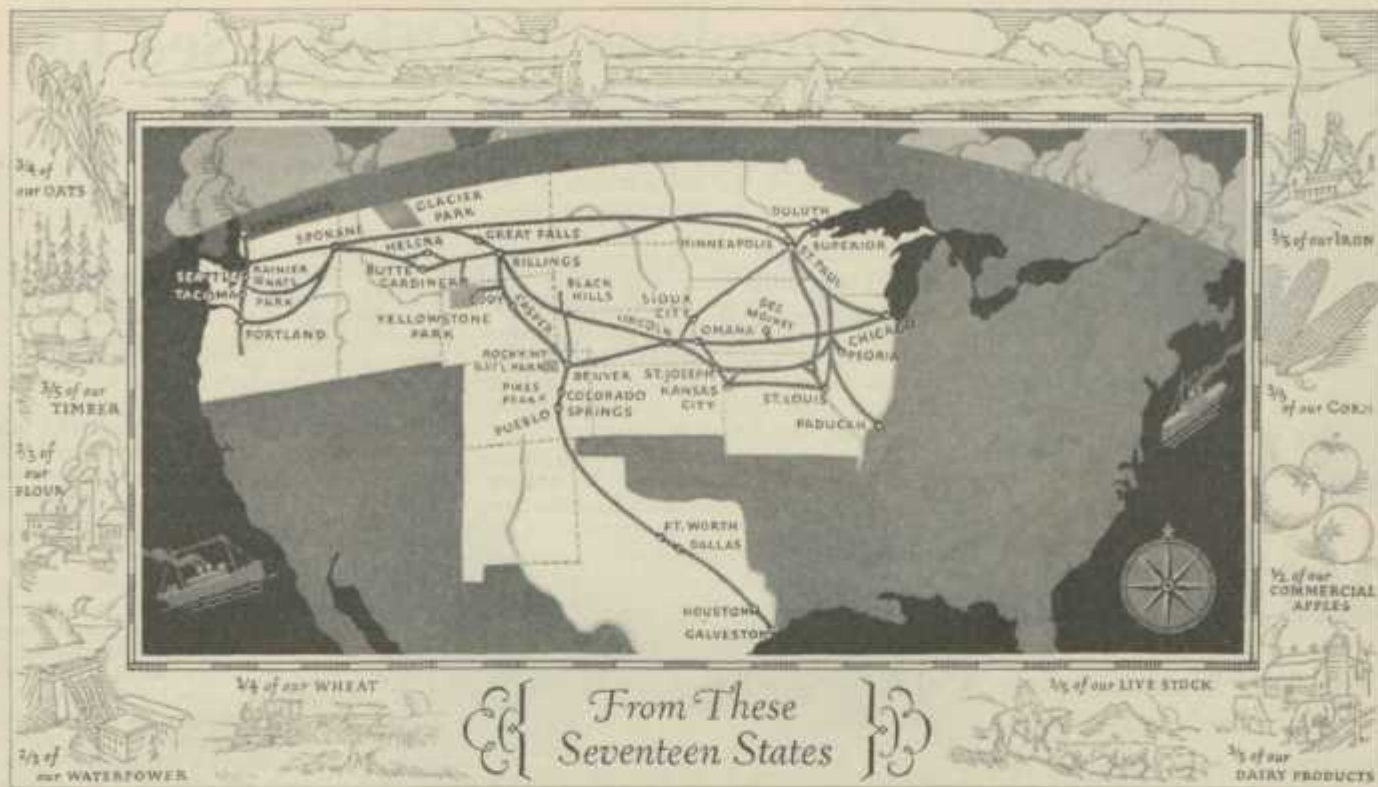
Rhodes scholarship at Oxford. He looks forward to a great life in medicine and surgery. My wages have been sufficient by working seven days per week for a quarter of a century with few short vacations to help him along some. He has worked for part of his expenses all the time. I look forward with as much pleasure perhaps as he does to the realization of his ambition. I have younger children who feel there is no future in farming for them and I want them to get to do what they want to do so I will continue to do what I do not like to help them in their ambitions.

Your magazine is fine for executives, business men who are trying to advance businesses but I find it rather dull for me. Common or preferred stock look very much alike to me and it matters little whether business conditions are better in New England or in the Uintah Basin of Utah, whether Mr. Ford decides to bring out a six-cylinder car and put in a standard gear shift or whether he lets the Chevrolet go ahead and outsell his tin product. I am paying a little into old-line life insurance and a little in building and loan to provide for the day when I cannot "copy 4" for the eastbound extra which is trying to make it in for the scenic limited.

Thanks for the favor. I am just now trying out some limestone and acid phosphate with a hope of raising some fine alfalfa and sweet clover. The neighbors say alfalfa will never be a success here but I have had four years of success with one patch of it and I believe I will try some more. Alfalfa hay and a good Jersey make a good combination to make business conditions good in any territory.

I rather hope my boss does not find out just how little real interest I have in my work for I have tried to get the business for OUR LINE and to show an increase over the same month last year. I have made it a point to weigh the shipments and to see that they are properly marked and have secured the long haul when possible. I have checked carefully to avoid OS&D's so the company will not lose money on me. I hope for their sake the business conditions are good in this territory.





## Seven times as big as France yet ONE rail system serves it all

DAWN comes slowly to an empire so vast. Illinois' prairies are alight while darkness still holds the Rockies. An hour, two hours, and a new morning has spread two thousand miles. Thirty million people in seventeen states awake—

And seek a thousand wants of another day. Four hundred thousand bushels of wheat for the day's bread. Twelve million pounds of meat. Four hundred thousand tons of coal. Six million gallons of gasoline. Clothing, lumber, steel, luxuries—trainloads of them. Hundreds of thousands of people must ride on trains.

Transportation! In this Drama of a Day it plays the leading role. A giant railroad is ready for its part. Its army of fifty thousand workers arises for the task. A thousand trains must run. In hundreds of communities life and business of another day await their coming.

Trace this empire and this railroad. Half the United States is served. By the rails of the Burlington from Chicago and St. Louis to the Rocky Mountains. By the Colorado and Southern, its subsidiary, from Colorado to the Gulf Atlantic. By the Great Northern and the

**For 75 Years**

*The Burlington has completed seventy-five years of successful railroad service. The Burlington has never been in the hands of a receiver; it has never defaulted on a financial obligation. The Burlington has counted success as necessary to a useful existence. It knows no other way to provide the high class of service the public has demanded and which the Burlington has made its first purpose.*

*Harmon*  
PRESIDENT OF THE BURLINGTON

Northern Pacific, its associated lines, from the Great Lakes to the North Pacific Coast.

Over 27,000 miles of connecting, natural transportation lines—the West's greatest system? Here, in these seventeen states, is the bulk of the nation's production—in wheat, in corn, in

oats, in flour, in livestock, in wool, in dairy products, in iron, in timber. From fertile fields in sunlight, from darkened treasure lands underground come vast riches in cotton, sugar beets, fruit, coal, oil, copper, silver and gold.

Servant of this empire and servant of the nation that is fed, clothed and sustained is the Chicago, Burlington and Quincy Railroad. It carries more grain than any other railroad. It carries more livestock than any other railroad. It carries more food products, raw and manufactured, than any other railroad in the world.

It has been the government fast mail carrier between Chicago and Omaha for forty-three unbroken years. It is the principal carrier of summer tourists to the resorts of the Rockies. Its five passenger trains go Everywhere West.

Seventy-five years of successful operation has enabled the Burlington to provide the highest type of modern railroad service. To perpetuate its high standards, to serve with increasing usefulness the great empire it helped to build, the experience, the resources, the energies of the Burlington are pledged without limit.

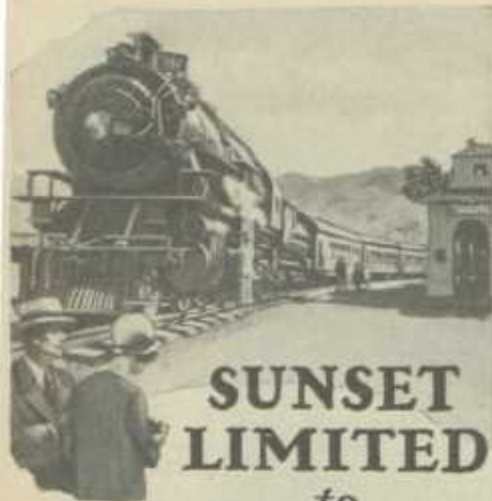
## The Burlington Route

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Everywhere West





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**B**ITS of old Spain along our Southern border add a charming interest to your journey via the "Open Window Route". Balmy climate, attractive stopovers, rock-ballasted road bed, oil-burning locomotives. A delightful revelation in superb travel comfort.

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## Sunset Route

## SOUTHERN PACIFIC LINES



# Ourselves as Others See Us

By RAYMOND C. WILLOUGHBY

WHAT MAY SEEM the frankness and communicativeness of the business men of this country is usually no more than an elaborate

**Free with Talk  
But Tight with  
Trade Secrets**

"spoof," declares the writer of "A Business Man's Diary" in the *Manchester Guardian Commercial* when commenting on a correspondent's belief that the main difference between the average English trade paper and its American counterpart is that "the American has more 'meat' in it to the square inch than the English has to the square mile"—one of the reasons given being that the American business man is more ready than the British to discuss his trade and give information about his methods and processes. But the diarist is not quite so sure about it, for he writes:



I concede at once that the American business man is far less reticent than the Britisher, but I must reject the assertion about the American journals having more meat to the square inch. United States journals on the whole are bigger than ours, certainly better produced, and apparently contain much more "live" and weighty matter specific to the trade covered. But if you analyse that matter and don't take at its face value the comprehensiveness of treatment suggested by the enormous headlines you will find there is precious little in it all. For all the admitted garrulosity of the American business man, the average English trade paper contains more real news, gets much nearer to the heart of things than its U. S. contemporary. . . . Every astute business man guards his real business secrets, and you can learn no more of these from the American journals than you do from the British.

AMERICANS MAY EXALT their vanity and prop their pride with the sights, sounds, and smells of their great cities, but after all,

**Chi and Detroit  
Make Hits, but  
Gotham a Flop**

there's no place like England for an Englishman is the patriotic conclusion of "F. Y. B." in the *Spectator* when reporting the impressions of a party of Selfridge employees on tour in the United States. The trip was made at the suggestion of Mr. Selfridge, who shared the expense with the hope that this sort of vacation from his store would provide inviting opportunity to gain useful, first-hand knowledge of American customs and ways of business. To New York, Boston, Philadelphia, Chicago, and Detroit came "fifty young people, active, intelligent, practical, proud of their country and their business, seeing a new country, new businesses," and "What they think should be reported," "F. Y. B." believes, "because Anglo-American friendship must be based on a meeting of the minds of the workers of the world . . . rather than on phrases, however pleasant." Of their impressions he writes:

Chicago struck them between the eyes, as the saying is, with the sweep of its boulevards, its titanic energy, its beautiful lake-front. They went over Marshall Field's, of course, and were magnificently received; they saw Sears Roebuck's (the mail-order house which issues 8,000,000 catalogues a year as large as Family Bibles, and sells toothpicks or ten-room houses

by post); also the packing houses, whose aroma of blood so often haunts the wind. On the whole, Chicago was the "high spot" of the trip.

Detroit was full of wonders; some say bathing in Lake Michigan by searchlight was the best fun; others that the visit to the Ford works was more memorable. Mr. Ford, however, remained invisible, engaged in perfecting his all-metal aeroplane. At Philadelphia came a surprise, for Wanamaker's (which is a vast emporium) greeted them by playing "Rule, Britannia!" and bade them farewell with "God Save the King!" In every place they visited they went all over the great stores and compared notes as to their problems. It is almost needless to say that they were kindly received wherever they went, for Americans love people who want to see things.

New York was a disappointment. The temperature was ninety in the shade to begin with. They lost appetite. Coney Island was ghastly. A walk in the torrid canyons on Manhattan necessitated stops at every street-corner "Nedicks" for orangeade. The big stores were interesting, however, but tiring to inspect in the great heat. One thing struck them particularly—the "store idea" is thoroughly accepted in America. Men and women turn to Wanamaker's, Macy's, Altman's, for everything: boots, beauty treatments, clothes, confectionery (this is said to benefit the public by concentrating service under one roof, but some of us hope to continue with our hatter, tailor, barber and candlestick maker until we die).

A SHREWD BUSINESS stroke to accelerate the sales of Ford cars is a composite English view of Henry Ford's announcement that in future only five days a week will be worked in his factories. The new schedule is important, the *Nation* and *Athenaeum* believes, but not for the reason generally suggested in the British press. In this journal's view—



It is not to be taken as a pioneer experiment in hours. If Mr. Ford were thinking only or chiefly of that, we might expect a far more striking adventure. And, quite certainly, it is not, as some assert, a move towards the reduction of wages. The Ford employees have no misgivings on that score. It is, rather, part of the great adjustment that is being forced upon the Ford concern by its own vast weight of production and by a swiftly changing market. The fact now staring Mr. Ford and his son in the face is that their standard car has had its day as the vehicle of the farmer and the small business. They have got beyond it. Their families demand a better, or at any rate, a different machine. The prosperity of an American town is rated today, according to the fewness of the Fords to be seen in its streets. Mr. Ford, who always sees, or feels, ahead, knows what this means. His car must command a far larger market than it does already among American workmen, and the workmen cannot be brought wholesale into car-buying class until they are given the freedom of the week-end. Other trades, says Mr. Ford, please copy!

By the plan the *Spectator* sees every wage earner enjoying two clear holidays a week, though it notes that—

Mr. Ford explains in his shrewd way that this will be as advantageous to him as to the workers because more holiday-making will cause a



# This is the Age of SOUTHERN PINE



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**A**MAZING in contrast are the uses of Southern Pine—and therein is a story of vital importance to every user of lumber!



You find it in the sturdiest mill construction, where every stress and strain must be pre-determined—and in the tiniest of cozy cottages, where protection, shelter and comfort must be lasting.

It supplies timbers of brute strength—and the daintiest effects in interior trim.

Gigantic structures are built of it—and so is the little ornamental arbor out in the garden.

The towers of Brooklyn Bridge have rested, not on rock, but on Southern Pine, since 1870 . . . safely!

Eloquently does Brooklyn Bridge testify for Southern Pine to the home-builder . . . of

strength and endurance . . . of the very qualities which home construction must have if it is to last. Beneath any inviting home exterior must be a staunch and sturdy frame-work that does not yield to the ruthless whims of the seasons.

Unnecessary depreciation threatens every builder. Giant structures, like the trestle that carries Southern Railroad trains over the waters of Lake Pontchartrain, must not only be safe . . . they must account for sturdy performance through many years. Southern Pine has carried that daily transportation burden for forty-three years . . . safely!

The obligation of lumber in building, of lesser degree, is no less important. Consider the satisfaction through the years of a home just as sturdy, just as dependable, just as durable!



Southern Pine today pledges that satisfaction wherever it is used.

The performance of Southern Pine in construction is proved by the same scientific and exhaustive tests by which eminent engineers chose Southern Pine for the concrete forms of Muscle Shoals. Strength . . . resistance to moisture . . . adaptability . . . these qualities combined to make Southern Pine the choice.

\*Today Southern Pine is available in lumber yards east of the Rocky Mountains. You can identify it by its Trade-mark. You can judge it by its Grade-mark.

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*Southern Pine—What It Is  
—What It Is Used For*

a valuable book, discusses the stresses to which the wood in your structure may be subjected, and recommends the correct use of Southern Pine. Free. Send for it.

\*The Southern Pine Association maintains an engineering department which may be consulted, without obligation, by persons interested in construction problems.

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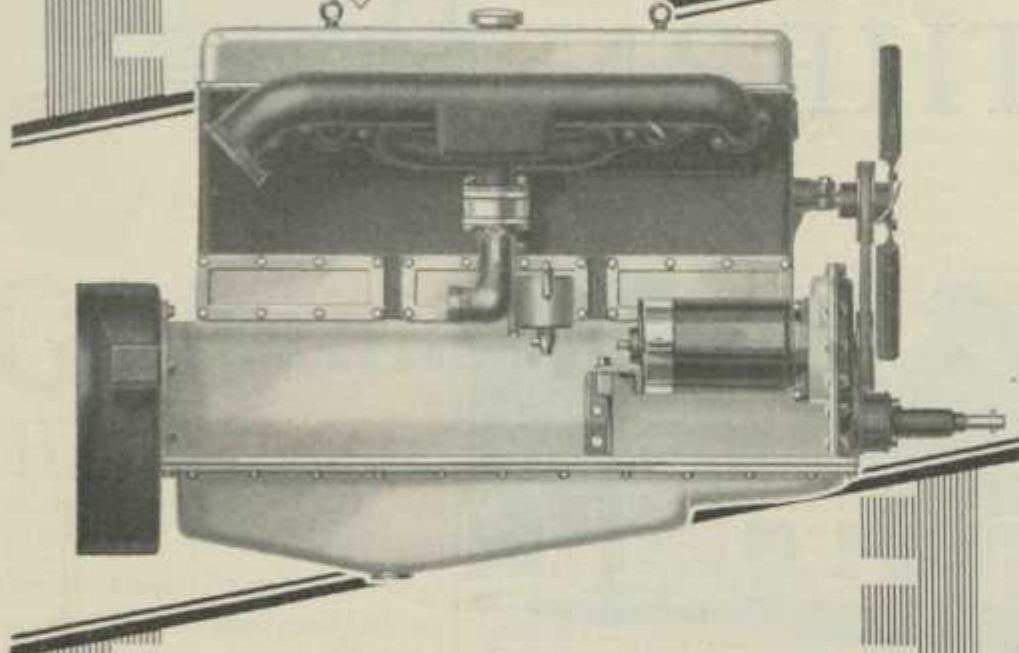
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Wisconsin Fours and Sixes all conform to the basic, proved overhead valve design upon which Wisconsin has long specialized. Each model assures superior performance over any other motor of comparable size.

Wisconsin warrants more for the money for all concerned whether the job to be powered is truck, bus, tractor or industrial machinery. Wisconsin's "More Power per Cubic Inch," means more work per gallon of fuel and oil, more working time between repairs—less time in the shop.

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**WISCONSIN MOTOR MFG. COMPANY**  
MILWAUKEE WISCONSIN

Wisconsin Motors are manufactured in a full line of Sixes and Fours, with a power range from 20 to 120 H. P.—for trucks, buses, tractors and construction machinery.

**Wisconsin**  
CONSISTENT



greater demand for the goods he produces. More than this, however, probably lies behind the announcement. It is well known in America that the Ford business is meeting with more competition than ever before, and this at a time when the number of motor cars owned per head of the population is mounting at a progressively slower rate, if it is not indeed already approaching the stopping point.

ESTIMATES OF THE American oil reserves put forward by the Federal Oil Conservation Board were an inspired recipe for making domestic gooseflesh in the opinion of the *Manchester Guardian Commercial*—an alarming gesture to divert public attention from the oil "scandals" at home to the disturbing prospect of foreign oil domination. It is doubtful, the paper says

### A Portrait of Conservation Done in Oils

whether any prominent oil expert will agree with the alarming estimate of the American oil reserves put forward by the Federal Oil Conservation Board. The expert committee appointed by the American Petroleum Institute to make a special report to the Board took the opposite view and gave convincing reasons why there was no imminent



danger of the exhaustion of American oil fields.

Why did the Board not accept its advice? It is probably that political reasons compelled it to take the alarmist line. It was appointed more than a year ago, when the oil scandals had roused suspicion of the oil industry. It was, in other words, an attempt on the part of the Administration to quiet public alarm, and no better way could be found than by diverting public attention from scandals at home to "scandals" abroad—in other words, to the prospect of foreign oil domination. Hence the cry is raised that American companies should acquire foreign oil concessions, as American reserves are being exhausted.

The Oil Conservation Board saw its origin in a scare and lives up to it in a scare report. But there is nothing that need scare the oil consumer if the facts are carefully examined.

THE ENORMOUS TRADE of the United States with Canada in manufactured articles is largely traceable to the American magazine, writes Charles W.

Our Magazines Stokes in the *English Review*, for "these magazines are full of advertising—some of the

cleverest advertising on earth—and inevitably they create a demand for the American product." But though "the Canadian and the American want each other's products," he makes a reservation in regard to reading matter—"the United States does not desire Canada's magazines, but Canada provides the biggest market in the world for this particular form of American commodity." By way of suggesting the magnitude of the typographical wave surging northward over the border, he reports that

In the year 1923 Canada imported about 40,000,000 American magazines; simultaneously, the total circulation of Canadian magazines was only about 15,000,000 of which only about 3 per cent were exported to all parts of the world. The total world-circulation of the six leading Canadian Magazines per issue, according to the "ABC" figures was 524,125; the total circulation in Canada of the six leading United States magazines was 605,565.

It must be remembered that the circulation



of the American magazine in Canada is "overflow" circulation. It represents only 5 or 6 per cent of the total circulation, and costs the producer only the mechanical price of duplication. . . . If you ask for a reason why the Canadians prefer American magazines to their own, the answer is rapidly found in the fact that they are so much better—and must always be until Canada has close on 100,000,000 people, too.

And there is still another reason. Canada has a high protective tariff against the United States as against other countries . . . yet practically the only item on the free list—outside of Bibles and uncut diamonds—is the periodical, either newspaper or magazine!

Upon the intellectual life of Canada these magazines exercise a powerful and deplorable influence. By making it difficult for the native periodical to exist, they retard the development of a characteristic Canadian literary and artistic culture. At the same time they attract the Canadian writer to the United States where the market is wide and the pay, for the successful, phenomenal—there to write upon non-Canadian themes.

The only practical palliation is a duty. Already many scores of patriotic, commercial, and literary organizations have sent resolutions to the Government, asking for a duty at the suggested rate of 10 cents per pound. Such a duty would, of course, result in increased prices and slightly decreased sales. It would also have the tendency to make American magazines print their Canadian circulation in a Canadian printing office. Many of them have already a sufficiently large distribution in the Dominion to make that feasible; and they would in due course be almost compelled by public opinion to mix in a certain amount of Canadian advertising matter and thus perhaps, the American magazine would partake somewhat of a Canadian character.

AN ENLIGHTENING FOOTNOTE on the successful practice of salesmanship in Latin-America is offered by the *Manchester Guardian Weekly*, which reports that—

#### No Hustlers Need Apply; Lazy Wanted

An interesting discovery has been made by firms in the United States that are trying to make business connections with Central and South America. They find that their most useful representatives are not 100-per-cent-efficient hustlers of the Babbitt type, but men from Louisiana and Mississippi, who take life more quietly and easily. "Go-getters," it is declared, are "not worth a darn on the

other side of the Rio Grande, while the so-called 'lazy Southerner' with his restful afternoons and more ceremonious manners, has no difficulty in adapting himself to the ways of the Latin-American and making the social contacts which in that part of the world are essential to profitable trade."

A CRISIS OVER the "Dawes scheme" will mean a crisis over inter-allied debts is the judgment of the *Manchester Guardian Weekly* after considering a situation which it believes resolves itself into a question for "the American taxpayer,

#### Our Investors The Power in Debt Payments

who gets the benefit of inter-allied debt payments to settle with the American investor who finances them." This situation is traceable, the *Guardian* says, to an alteration in the stipulated schedule of payments—a modification which has been discussed in the *Nation* by J. M. Keynes with regard to its possible effects on the American investor. Of the change the *Guardian* says that it

appears to be a concession to Germany, though

# This Idea Saves Big Sums on any Woodworking Operation

Maintenance engineers, factory managers and construction superintendents make tremendous savings on any operation where wood is used.



This ball bearing band saw is a real money maker anywhere. Operates from any light socket.

## At Least 30% Guaranteed

Amazing results can be obtained in increased production, saving of labor and time, by this new system of bringing portable planers, saws and other woodworking machines direct to the job. They handle quickly and easily the hardest jobs on new buildings, repairs and maintenance, factory operations, and hundreds of small jobs that have always been done by high-priced hand labor. We guarantee a saving of at least 30% where Wallace Machines are not now used.

## The Wallace Idea

- 1 To save wasted steps by placing machines at the elbow of the workman.
- 2 To save time and energy by moving the machines to the material instead of bulky material to the machines.
- 3 To eliminate hand work with a convenient machine capable of handling a range of work from heavy cuts on large stock to the most exacting work on the smallest pieces.
- 4 To save investment by working machines of the proper size to capacity.
- 5 To build portable woodworking machines which possess a maximum of power at a minimum expense.



This bench jointer and planer is just one more Wallace money maker. All are portable and operate from light sockets.

## Free Trial

We are ready to prove on any job just how big a saving one or more Wallace Portable Woodworking Machines will make, without cost to you. We will put them in your shop or on any construction job, and let you see how they speed up production, eliminate waste of time and effort, save material, and do a better job. Wallace Portable Machines are proving every day how invaluable they can be, even on small jobs. The coupon or your letterhead will bring complete information without any obligation of any kind.



A portable Universal saw—a marvelously convenient machine which operates from any light socket.

**Wallace**  
PORTABLE MACHINES  
BELTLESS—  
Attach to any  
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J. D. Wallace & Company,  
157 S. California Ave., Chicago, Ill.

You may send me complete information about Wallace Portable Woodworking Machines, with facts about jobs on which they have saved money, together with complete details of your guarantee to save 30%.

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# 4000 Jobs Kept Moving with McCASKEY SYSTEMS

4000 shop orders and individual operations are kept under constant supervision in the plant of the Quick Meal Stove Company, St. Louis, Mo., with the aid of McCaskey Systems.

Orders are located upon instant notice. Time costs and materials used are accurately recorded. Shop order routine is systematized. Running short of stock and idle machines are things of the past; work is planned and routed on precision schedule; accurate time and material cost figures are ready when the work is completed.

## All with "ONE writing"

with McCaskey Systems operated with but two clerks in the Planning Department.

Can you give as accurate figures on the production in your plant? McCaskey Systems and McCaskey service for manufacturers can enable you to organize and control your production on a basis that may reduce overhead and speed up service far more than you expect. Will you let a McCaskey representative analyze this problem for you and submit recommendations? We shall be glad to send a representative any time at your convenience. Full information gladly supplied upon request.

## THE McCASKEY REGISTER COMPANY

Dept. 6126, Alliance, Ohio

Galt, Canada

Watford, England

"By eliminating old production losses, we feel that we have much more than paid for our McCaskey equipment and the time of the two planning department clerks who keep it in up-to-date operation."—Quick Meal Stove Co., Div'n of American Stove Co., St. Louis, Mo.

raising the amount which she will have to find next year from £72,500,000 to £75,000,000. Last year she paid £61,000,000. The increase is not so vast as to lead one to anticipate insuperable difficulties. Nor, apparently, will there be unless the American investor turns awkward. His complaisance, according to Mr. Keynes, is the pivot upon which the whole scheme hinges. For Germany has not yet succeeded in making appreciable payments abroad out of her own resources. The money has virtually all come on loan from abroad. The original Dawes loan has been followed by others of an unofficial kind, mainly emanating from America. "The United States lends money to Germany. Germany transfers its equivalent to the Allies, the Allies pay it back to the United States Government. Nothing real passes—no one is a penny the worse."

No, but it is only a question of time for the American investor to tire of handing out good sound dollars in return for an ever-growing heap of German paper. Certainly the whole Dawes scheme cannot be financed in this way.

In SOME EUROPEAN hotels officials of the American government will have "to tip and run" if they observe the schedule of tips approved by President Coolidge, thinks the *Manchester Guardian Weekly*. While agreeing that "one of the minor worries of travel is the recurrent doubt as to whether one is tipping too lavishly or too sparingly," the *Guardian* believes that "this problem has now been solved for all officials of the American government traveling on public business." This "tip tariff," as the *Guardian* labels it, provides that

tips to waiters must not exceed 60 cents a day. Thirty cents a day is the maximum allowance for chambermaids and bellboys. Baggage porters may not be given more than 15 cents for each article, or a total payment of 35 cents if they serve at railway stations or hotels, but porters at landings and wharves may be given 25 cents an article. No specific sums are mentioned in connection with foreign travel, but the tips bestowed by officials whose duties take them abroad "are to be regulated by what is customary and reasonable," with the proviso that they are not to exceed a dollar a day. . . . Tipping on ocean liners is not to go beyond 10 per cent of the minimum first-class passenger rates.

## A Worth-while Campaign

A CAMPAIGN which has our hearty approval has been started by the esteemed *Cleveland Plain Dealer* to do something for the protection of railroad trains at grade crossings.

The New York Central shows that 22 per cent of crossing accidents is caused by automobiles running into the sides of moving trains. The *Plain Dealer* points out that—

Motorists thus show a callous disregard for the rights of rail stockholders—many of them widows and orphans living on meager estates—whose money is tied up in rolling stock dented and marred by vicious motorcars. Auto drivers are so careless. Sometimes they plow into the side of the locomotive, tangling their radiator and front bumpers with the driving wheels of the engine; sometimes they wait for the middle of the train and then charge full-tilt. This constitutes on the part of the autoists a disregard for property rights which must give pain to the thoughtful.

The railroad has a right to run where it runs and is seldom guilty of reckless driving.

To permit motorists to run into a train whenever they see a good chance is unfair. It's like "hittin' a poor kid." The train can't get out of the way.





Time to Re-tire  
Get a FISK  
STANDARD TIRE CO. U. S. PAT. OFF.

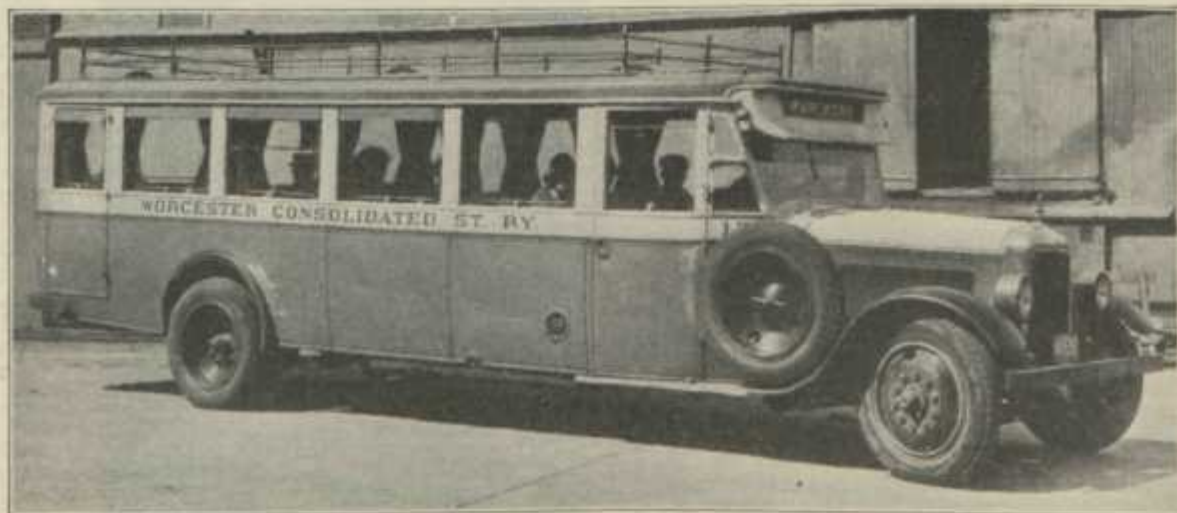
## Very Satisfactory

The great fleet of busses operated by the Worcester Consolidated Street Railway Co., Worcester, Mass., is equipped with Fisk Transportation "Fillerless" Cords which are proving very satisfactory.

This is one more example of the part that Fisk Transportation Cords are playing in successful bus operation. Today these great Cords are standard equipment on large bus fleets in every part of the country.

Fisk Transportation Cords are proving satisfactory from every standpoint—they produce maximum mileage and passengers praise them because of their extra comfortable riding qualities.

The Fisk Tire Company, Inc.  
Chicopee Falls, Mass.





# Chamber "Do's" and "Don'ts"

III—Member Interest

By COLVIN B. BROWN

Manager, Organization Service, Chamber of Commerce of United States

EDITOR'S NOTE—This is the third of a series of articles dealing with the everyday problems of chambers of commerce and kindred organizations.

ONE OF the big jobs of a secretary is to show members the broader aspects of the work of the chamber of commerce.

If a member can see that he is something more than just one of those present at the luncheons and a source of dues, he will work harder for the chamber. The secretary must be able to show not only the importance of the chamber as a local institution but also its national importance. For the chamber of Smithville has a place in the national scheme.

Take the problem of taxation which the National Chamber is now studying so carefully. Federal taxes have been reduced 385 million dollars but state and local taxes have increased 402 million dollars. Ten years ago it took less than three billion dollars to run all the governmental machinery in the country. It now takes well over ten billion. Where we used to have but one government official for every hundred citizens we now have one for every ten.

This is due to many causes. Appropriations are now made for expenditures that we used to regard as outside the realm of government or at least which we considered as comparatively unimportant. An instance of this is the increase in good roads appropriations. No one advocates that money should not be spent for parks and roads, but there are many places where the money could be spent more economically.

This is but one example of the way a secretary can point out the importance of the local chamber in national affairs. Money now paid in taxes can be put into productive enterprise if interest is taken and the inefficient eliminated from state and local tax programs. The combined wisdom of business men can be brought to bear on different problems and a solution worked out.

An example of the way in which local chambers have proved the effectiveness of group action in the scheme of national existence is forcefully presented in the Inter-Chamber Fire Waste Contest. In 1923 the National Chamber in conjunction with the National Fire Waste Council inaugurated an inter-city fire waste contest in which 70 cities participated. In 1924 there were 122 participants and last year there were 221. The av-

erage annual loss by fire in this country amounts to \$5 per capita. Last year in the 221 cities the per capita loss was \$3.77 while in the four winning cities it was \$1.57. Business men got together and saw to it that hazards were eliminated. The benefits of this reduction are obvious.

When a member comes to see that he has a job to perform that is of real benefit to his city, trade area and the nation he will be a more useful member and citizen. Every man knows the benefits of right organization in the business world, and reason tells us and experience proves that right organization can be effective in building up a community. It is easy to realize that a city is not a single unit but a group of related units and that it must have open spaces. It is easy to realize that the purpose of zoning is to guide the development of the city's area so that each part will be put to the most effective use; that areas allotted to industries and commerce should be suitably located and allow for expansion; that industries should not have to truck through retail and residential districts to reach freight stations.

## Viewing From a Broader Base

BUT it is important that the question be looked at in a broader way than just the city- or local-trade-area view. What is the place in the national economic structure that the city fills? Is it suitable for an industrial, a commercial or resort town? These questions must be rightly answered so that the town may have permanent growth. What are the industrial resources such as the labor supply, fuel, power, markets, and transportation? What are the natural resources, the social conditions, the trade conditions, the financial conditions? All these questions must be studied and when they have been carefully discussed and worked over, then a city can get an idea of its place in the national economic structure, as well as a concrete program for building up the community.

In doing everything that a chamber can to improve the city and local trade area in an intelligent way, national prosperity is affected and the country strengthened. It is up to the secretary to get the picture of his chamber's place in national, social and economic organizations across to the membership.

If he can do it, his chamber will be stronger. It will have the active and effective cooperation of its members rather than merely their shouting and singing at the Thursday luncheon.

## Cut Operating Costs with Consolidation Clean Coal

CONSOLIDATION Clean Coal eliminates waste in the power plant. High in heat and low in ash content, it delivers a full return in power.

Consolidation Clean Coal is the product of Consolidation Service.

98 mines, located in the six great bituminous districts of the country, with an annual production capacity of 16,500,000 tons, produce Consolidation Clean Coal.

Rock, clay, slate and other free non-combustible impurities are removed at the mine. Hence, Consolidation Coal is shipped clean—low in ash and waste, high in heat.

Expert advice on the best firing practice by experienced fuel engineers is an important part of Consolidation Service.

Consolidation Service begins at the mine and does not end until the consumer is assured that he is obtaining the fullest heat value from Consolidation Clean Coal—heat value which is reflected in less coal burned and therefore in lowered operating costs.

We will be glad to advise you how Consolidation Clean Coal can be utilized with the utmost economy. Write us for "Booklet K".



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TORONTO, CANADA Empire Coal Co., Ltd., Royal Bank Bldg.  
GREEN BAY, WIS. F. Hurst Company  
Operating Department: FAIRBORN, W. VA.



The United States Chamber of Commerce, a lithograph by Herbert Pullinger





AFTER



BEFORE

*These unretouched photographs give a striking demonstration of the difference in operating efficiency effected by a seemingly small difference in the amount of light. Not powerful glare, but well diffused lighting—light without shadow pays dividends in manufacturing results.*

# 21%

## more work from the *same* machines

"In reference to the new system of lighting which we have installed in our plant on the advice of your lighting engineer, we are pleased to state that the actual results are much superior to anything we had expected to find. Like many other manufacturing plants we had made it a practice of hanging a drop light with a tin shade wherever we needed light. The results were, of course, far from satisfactory and we were much pleased to learn that your company is making a practice of supplying their customers with free lighting service.

*"In our case the change from a spot of light at each machine to a system of general illumination throughout the plant has resulted in an increase in the output of our wire drawing machines of 21%."*

"In addition our plant presents a more cheer-

ful appearance, and our workers are more satisfied.

"Also want to express my appreciation of the service rendered by your representatives.

"Very truly yours,

(Signed) B. WILMSEN."

This letter received by the Philadelphia Electric Company last March, gives the experience of one of the many manufacturers who last year took advantage of the free engineering service offered by their light and power company.

You will find your local light and power company glad to send their engineers to help you to an economical solution of your lighting problems.

### INDUSTRIAL LIGHTING COMMITTEE

NATIONAL ELECTRIC LIGHT ASSOCIATION

29 WEST 39TH STREET

NEW YORK



# Shall We Insure by Law?

By JAMES S. KEMPER

*President, Lumbermens Mutual Casualty Company, Chicago*

IT HAS been our American way to attempt to solve problems by saying "There ought to be a law—"

The newest important manifestation of this habit will be found in Massachusetts when on January 1, 1927, a compulsory automobile insurance act goes into effect.

This law was passed because its supporters wanted to be sure that anyone injured by an automobile could collect damages. They sympathized with people who were injured and unable to collect and so they said, "There ought to be a law—"

So there is going to be a law.

Beginning the first

of next year no one can get an automobile license in Massachusetts who has not guaranteed his liability for damages on account of personal injury or death of others to the extent of \$5,000 and \$10,000—\$5,000 as security in the event one person is injured by the motorist; \$10,000 if two or more persons are injured in a single accident.

This security may be provided by an insurance policy, by a bond, or by a cash deposit. Without question the majority will choose insurance. This means a tremendous lot of new business for the insurance companies. Yet, generally, they are opposed to the measure.

Why?

Publicly most automobile insurance companies take a neutral position. They say they are in the business to provide indemnity needed by the public under the laws for whose enactment the public is responsible and that it is not for the insurance companies to take sides one way or another on the enactment of such laws. But privately there are comparatively few automobile insurance executives that do not, from the standpoint of the public interest, dislike compulsory automobile insurance. They see in it another attempt to cure by legislation a trouble, imperfectly diagnosed, which can be prevented better and more cheaply than it can be cured.

Proponents of compulsory automobile insurance freely quote percentages to indicate that a high proportion of injured persons is unable to collect damages because automobilists are financially irresponsible and are without insurance.

A Chicago attorney was recently quoted as saying:

"When accidents happen in this state in 90 per cent of the cases it is impossible for



How shall we make episodes like this less frequent? By passing a law compelling motorists to give bond or to take an insurance policy to indemnify possible victims of their carelessness is one answer. But would such a law decrease such accidents? Would it not rather increase them by encouraging the careless motorist to think: "Oh, well, I've got a bond up" or "They've made me insure so I'll just step on 'er."

the injured or their dependents to secure any compensation or other relief."

A Chicago newspaper says editorially:

"At present, it is estimated, more than half of the automobile accidents in Illinois are caused by drivers who have no financial responsibility. . . . Existing conditions are intolerable. In Cook County alone the number of deaths from automobiles this year will approach a thousand. . . . The victims suffer pain and loss of income and often as not have to pay the doctor and the hospital besides. Compulsory insurance will go a long way toward removing a grave injustice."

A different situation is disclosed by a recent survey of all deaths due to automobiles in the District of Columbia for the past several years. This survey indicated that judgments were not satisfied in but 7.4 per cent of the cases where judgments were secured. If this figure can be accepted as representing the general situation, it must be admitted that the problem of unsatisfied judgments is very much less important than is sometimes assumed.

## Autos Killed 20,000 Last Year

THAT "existing conditions are intolerable" in respect of loss of life and damage to person and property through automobiles, none would deny. Last year in the United States 20,000 were killed, 1,500,000 injured, and a property loss estimated at \$750,000,000 was sustained. But it is unwarranted to assume that compulsory automobile insurance would of itself improve this appalling situation. Perhaps it might. It is to be tried out in Massachusetts, and we shall await with interest the results there.

Unfortunately, there seems reason to believe that compulsory automobile insurance may increase rather than decrease accidents.

Of the limited world experience available, that of the Swiss is probably the most comprehensive. In that country the number of accidents has considerably increased. It is not to be presumed that compulsory automobile insurance will tend to make drivers more careful; indeed the reverse is highly probable. Compulsory automobile insurance will have no effect on accidents caused by pedestrians and careful investigation has disclosed that pedestrians are responsible for nearly as many accidents as automobile drivers.

There are a number of popular misconceptions as to compulsory automobile

insurance as it will be practiced in Massachusetts under the act soon to be in effect there.

For one thing, the act does not—though many think it does—provide compensation for every injury and death regardless of who is at fault. It does provide for security that, when the motorist is at fault, legal, valid claims within the specified limits will be paid. Under the new act the claimant must, as previously, prove that the motorist was at fault and that the claimant was faultless.

The act does not provide for security for property damage claims. The act has no effect on accidents outside of Massachusetts nor upon private property nor upon private ways, such as filling stations, garages, and the like. It has effect only on accidents upon the public highways of Massachusetts.

The act makes no provision for indemnity for personal injuries sustained by an automobile owner himself, except as he may be a claimant on account of injuries inflicted on him by another automobile.

Commentary on the principles involved in legislation so epochal, and in an act so bound to provoke interest and attract attention, should perhaps be accompanied by some description of the act itself and its working.

As stated, the so-called "Compulsory Automobile Insurance Law" goes into effect in Massachusetts on January 1, 1927, at 12:01 a. m. It was passed in the 1925 legislative session. It is officially called the "Massachusetts Compulsory Automobile Liability Security Act" and is officially described as, "An Act Requiring Owners of Certain Motor Vehicles and Trailers to Furnish Security for Their Civil Liability on Account of Personal Injuries Caused by Their Motor Vehicles and Trailers." The act applies to





*Chrysler Body plant, Detroit, Michigan, Cooper Hewitt illumination*

© C. W. S. Co., 1934-1935

NINETEEN-THREE was much too early for anyone to foresee any such production as 8,000 automobiles, 30,000 tires or 6,000 yards of cloth by any manufacturer in a day. Yet the perfection of mercury vapor light in that year by Peter Cooper Hewitt was not too far ahead of its time.

As early as 1908, Cooper Hewitt's cool green light had brought about surprising improvements in factory lighting. Developments in the next ten years proved that glareless, shadow-free illumination had arrived just in time to play a destined part in the advance toward modern mass production.

Today its place is unchallenged. This Chrysler plant picture is an eloquent example. Cooper Hewitt gives Chrysler equal efficiency, every working hour—one to three shifts a day. What better influence on profit could be had for anything like the cost?

# COOPER HEWITT

*Better Than*



*Daylight*

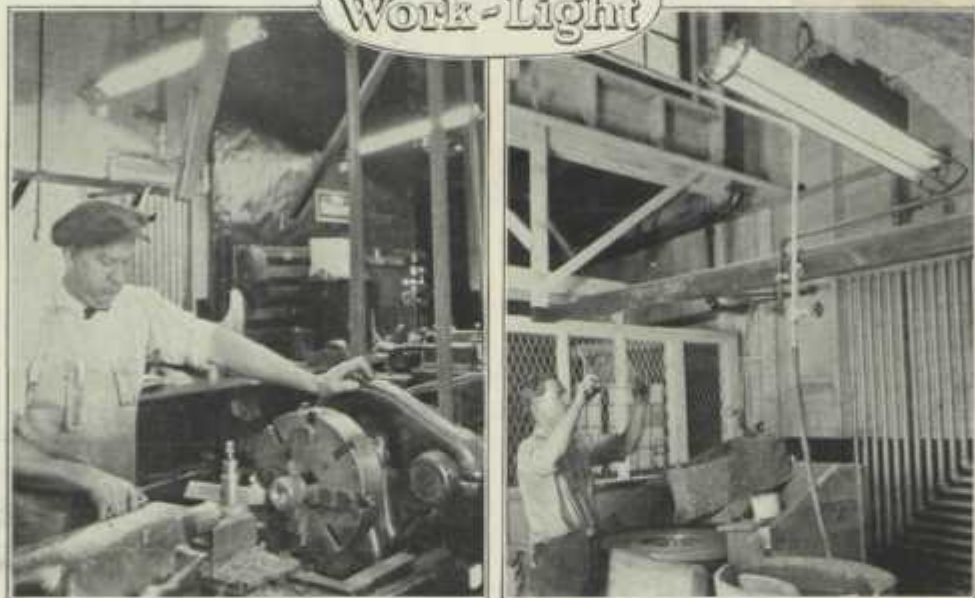


# More seeing power at low intensities— No glare at high intensities

**N**O MATTER what light you use, the intensity down among the gears, on the cutting edges, between the dies, or in the depths of any machine, is lower than the surface intensity.

These are the vital points — where the work

is actually done. Unless you have seeing power there, light is not serving you as best it can. Failure to light these close work-spaces properly explains why so many lighting installations that *look good* do not provide the workman with the kind of help he needs.



More seeing power at low intensities. Cooper Hewitt light gets down into the "guts" of the machine. Note detail at point of work.

No glare at high intensities. Cooper Hewitt reduces eye-strain and fatigue. Keeps eyes wide open. Ideal for inspection.

**Perfect** One of the chief reasons for the *Diffusion* steadily growing use of Cooper Hewitt Work-Light is that it provides more seeing power than any other light at low intensities. The light "gets" everywhere. The long luminous tube and curved reflector throw light into crevices, under machine beds and around obstacles in a manner not to be expected from any smaller light source. Note the shadowless illustration at the "point of work" in illustration at left.

The remarkably even diffusion of Cooper Hewitt illumination is enhanced by the distinctive, clear-seeing quality which makes mercury vapor light easier on the eye than other kinds of light.

**Eye-friendly** Its dominating color, a blend of yellow and green, includes the light rays most useful to the eye. It is a restful color, because the eye works more naturally with it and therefore with far less strain. The glass inspector in illustration at

right looks directly at the light without discomfort, a thing impossible with any other light, including daylight.

**Lighting and Leadership** The ability of Cooper Hewitt light to improve quality and quantity of output is today a major factor in industry. In the automotive industry alone the list of its users includes practically every important name:—Ford, Chrysler, Hudson, Packard, Oakland, Dodge, Studebaker, to name only a few. In other industries it is associated with leadership in the same sense.

**The Reason** A research engineer\* assigned **Why** to investigate Cooper Hewitt by one of the country's largest manufacturers of industrial machinery, reported in these words:—

1. The quality of the light, because of its spectrum, makes shadows transparent.
2. This spectrum manifests itself into a color of light easier on the tissue of the eye than

either daylight or any artificial source of light. (This I know personally, as I have worked under both.)

3. The glass tubes have an average life of two years.
4. The initial installation cost is greater than most other artificial light sources, but this is more than made up by the greater efficiency over a long period.
5. Because the one soft color does not produce irritation on the retina, increased visual acuity results. Consequently the employee working under this condition has neither eye-strain from glaring lights nor from working in shadows.

**A trial demonstration** will be made upon request and without obligation. Address Cooper Hewitt Electric Company, 123 River Street, Hoboken, N. J.

# COOPER HEWITT

Better Than



Daylight

\* Name upon request.



all persons or firms registering automobiles, with the exception of the state and counties, cities and towns within it, corporations subject to the supervision of the department of public utilities, street railways under public control and registrants now required by previous laws to furnish security.

The act was passed because it was represented that in many cases an injured person or the estate of a deceased person was unable to secure satisfaction of judgment on account of the financial irresponsibility of the motorist civilly liable for the injury or death.

It is the intent of the act to require the automobile owner to provide security for the satisfaction of such judgments within certain limits.

To that end, before registering his automobile, every owner subject to the act must provide one of three forms of security. The three optional forms of security are:

A Motor Vehicle Liability Policy with limits of \$5,000-\$10,000.

A Motor Vehicle Liability Bond with the same limits.

The Deposit of \$5,000 in cash or securities.

#### The Compulsory Insurance Law

IT IS expected that the overwhelming majority of automobile owners will choose the Motor Vehicle Liability Policy form of security; hence the name "Compulsory Automobile Insurance Law" commonly applied to the act, though it provides for bonds and deposits as well as insurance policies.

In lieu of either a policy or a bond, the automobile owner may elect to deposit \$5,000 in cash or acceptable securities with the Division of Highways. The deposit is a guarantee that the automobile owner will pay a judgment up to \$5,000 against him or any person whom he has permitted to operate his automobile. If the automobile owner fails to satisfy such a judgment, it will be paid out of this deposit. The automobile owner must then replenish the deposit or provide a policy or bond.

Clear-cut comparison of these alternatives will be afforded in many of our states in the next few legislative sessions.

The slow but sure method will be exemplified in the campaigns for enactment of the Uniform Vehicle Code—the outstanding achievement of the National Conference on Street and Highway Safety, brought into being by Secretary Herbert Hoover and commonly called the Hoover Safety Conference.

It can scarcely be doubted that the general enactment of the Uniform Vehicle Code, with its wisely chosen provisions, capable of consistent enforcement, will force sharp reductions in our national automobile accident ratios—by enabling tourists to know and to obey the law wherever they may be; by depriving incapable, reckless and criminal drivers of motor privileges; and by eliminating speeding.

Compulsory automobile insurance so-called may through the operation of the insurance policy cancellation feature operate to deprive the careless and reckless driver of the use of the highways. To that extent at least it will be helpful. Admittedly it will insure the payment of indemnity in some cases where under the present system no payments would be made.

It is a new experiment in legislation. By many it is felt to be an un-American and illogical way of meeting the problem.

Time alone will determine its advantages and disadvantages.

## An Enlarged Investment Service

The Continental and Commercial Company unites in one organization both the former Bond Department of the Continental and Commercial Trust and Savings Bank and the Continental and Commercial Securities Company. All of the stock of this Company is owned by the stockholders of the Continental and Commercial National Bank and its directorate is composed of officers and directors of the Continental and Commercial Banks. The Company is engaged in underwriting, wholesaling and retailing investment securities

### CONTINENTAL and COMMERCIAL COMPANY

CHICAGO  
208 S. LaSalle Street

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# Our Business Is To Help Your Business



*This is how we can do it—*



**I**NDUSTRIAL and business concerns the country over are using Brookmire Service, because:—

- (1) It helps to increase the distribution of their products.
- (2) It gives them valuable assistance in formulating their credit policies.
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## 22 Years of Business Development

For 22 years Brookmire Service has been an important factor in developing and stabilizing business and industry in this country. It originates vital business statistics, gives out business and industrial information, analyzes and interprets economic trends and follows the developments of agriculture, industry and business individually and collectively in every county, state and section of the country.

In addition to the expertly prepared and edited bulletins sent weekly, fortnightly and monthly to subscribers, all executives using the Brookmire Service are urged to consult with us freely and frequently on any problem pertaining to their business interests.

## The Importance of This Coupon

Executives of many of the largest industrial concerns in the country have found it to their advantage to learn in detail about Brookmire Service. This also applies equally to smaller and growing organizations. Let us send you complete information and a report on current business conditions; also a descriptive booklet, "What An Economic Service Can Do For You." Your secretary can take care of the details. Instruct her to send the coupon or write us on your letterhead—today.

*Please send without obligation a complete set of your current bulletins, a forecast of business conditions, and your booklet "What An Economic Service Can Do For Me."*

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COMMERCIAL DIVISION

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570 Seventh Avenue, New York City

# What the World of Finance Talks Of

By MERRYLE STANLEY RUKEYSER

**N**INETEEN TWENTY-SIX as a business year cannot readily be reduced to a simple formula.

It was unlike pre-war years of prosperity. As the year draws to a close, it becomes feasible to formulate the essential paradox of the period.

In 1926, we have had huge business profits in the aggregate and widespread complaints from business men. The race has been to the strong in more than the ordinary sense of the phrase this year, because in the face of unparalleled activity we have had falling commodity prices. At this writing, the average price of representative commodities is more than nine points lower than a year ago.

Falling prices and an unprecedentedly heavy demand!

This seeming contradiction may spur college graduates to go back to their old professors of economics to see why the theories do not operate. Economists are themselves wondering whether concepts concerning the business cycle which were built up largely during periods of rising prices, will not have to be revamped in the light of the present long term trend toward lower commodity prices. In 1926 prosperity has been fought for; it did not fall from the laps of the gods as it did during the war and post-armistice booms.

As a matter of fact, the competition among sellers has been ruthless. The nationwide trend has consisted of a flow of business away from the inefficient producers to those who have successfully mobilized all the resources of applied science in the conduct of business.

An outstanding example of what has been occurring has been the growth of sales of the General Motors Corporation, which have multiplied far more quickly than those of the industry as a whole. General Motors, which a year ago produced one car out of every five made and which now produces one out of every four, not only grew at the expense of small and weaker units in the industry, but also it would seem partly at the expense of the outstanding individual figure in the industry. More automobiles will have been sold in 1926 than in any previous year.

Despite the current prosperity, the observer of the business scene was confronted with grumbling by business men in Pullman cars and at clubs. The explanation is that the smaller and less capable factors were losing out, while the abler and more constructive leaders were taking an increasing share of the total. Thus, at any time during the year the onlooker could discover optimism or pessimism, depending on to whom he spoke. Current signposts point to the largest pre-war holiday retail trade on record. Evidently the price appeal is helping to whet the buying appetite.

If we are in the midst of a downward readjustment of commodity prices, the process is not without its favorable aspects. With Europe fast returning to a gold basis and to a condition in which it will be able to compete more energetically in world markets, American foreign traders will be better able to meet competition if the American

price level gets closer to the world level of prices.

**D**WIGHT W. MORROW, partner of J. P. Morgan, believes that by the end of next year France and Italy will have returned to a gold standard, completing the chapter dealing with the return to financial orthodoxy on the continent. Both countries are already proceeding in the direction of currency stabilization. Italy has formally revealed its program, and France is still experimenting.

France seems to be approaching stabilization in fact, though not in law. Its government is seeking gradually to accustom its business men to a non-fluctuating currency of higher worth than prevailed during the midsummer decline. Apparently Poincaré is unready to follow the Belgian precedent, and stabilize at 36 francs to the dollar. The experts in Paris believe that it is the Premier's ambition to get the franc to about 25 to the dollar and hold it there. Unbiased economists by no means agree that it will be feasible to boost the franc to 4 cents and keep it at that level, but even the most pessimistic agree that it is worth upwards of 2 cents.

Thus, ultimate success in saving the franc from going the way of the mark cannot be doubted. The only problem is determination of the exact point of stabilization. To the disinterested observer, it would seem advisable not to attempt to peg the franc above its intrinsic worth. The moral effect of attempting to do so would not be worth the cost, particularly since devaluation even at 4 cents will entail swallowing pride since the mint parity of the franc is 19.3 cents. Formal stabilization will entail public notice to the French petit bourgeois and peasants to write down the face value of their franc bonds by eighty per cent or thereabouts.

The logic of events indicates that a funding of the French debt to the United States Treasury is nearer consummation than is generally appreciated. Those in charge of the destinies of France undoubtedly recognize that the great foreign money markets will remain closed to the Republic until the debt question is settled. Not only are New York bankers unwilling to participate in a French loan out of deference to the policy of the American government, but my conversations with London bankers lead me to believe that the English market is also temporarily shut off. Now that currency unsettlement is the exception instead of the rule, France, which aspires to remain a foremost power, is likely to feel lonesome in its present rôle. There seems to be little doubt that a substantial foreign loan will be a necessary part of stabilization. In the late summer, when virtual stability was introduced, France was enormously helped by reparation payments from Germany, which had the same effect as the import of capital through an external loan.

**T**HE restoration of Europe's buying power will be helpful to American agricultural interests and to the metals trades. In regard to the latter, Simon Guggenheim, president



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<b>Bakers</b>	GLAZO paper. Continental Glassine bags. BON TON and BELVEDERE Baker Bags.
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<b>Laundry</b>	VELVET, PARQUET, LUXOR STRIPED papers. Continental Glassine bags for Shirts and Collars.
<b>Drug Stores</b>	DRUGLAZE paper. Continental confectionery bags. Printed merchandise envelopes. Toilet and tissue papers for resale, including NAPOLIN; KREEMOFF.
<b>Candy Trade</b>	Continental confectionery bags in plain, decorated, or embossed papers. Continental glassine bags and tubes.
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of the American Smelting & Refining Company, and one-time United States Senator from Colorado, in a recent conversation with me said: "We are approaching a copper age. It is only a matter of time, possibly two or five or ten years, before Europe will begin to adopt the material bases of prosperity which have been so successfully employed in this country. Economically we are the greatest country in the world, but we should not boast about it. God has been bountiful in providing us with natural resources. As soon as Europe gets the money it will be in the market for many things. The people of Europe are working energetically, and it is only a question of time before they will be able to come into world markets with tremendous buying power."

"The European demand for copper will expand greatly as the result of electrification plans for the railroads in Italy and in other places where water power is available. Moreover, I foresee the time when Europeans will greatly expand their telephone and telegraph facilities in order to bring them up to the level of efficiency which prevails in this country."

"When the European demand gets under way you can visualize what will happen to the copper industry. Because of the abnormally low European demand, copper quotations, unlike commodity prices generally, have not risen above pre-war levels. This low price factor is an advantage in encouraging the use of copper and I would not like to see the price of metal go much higher—not above fifteen cents a pound."

Incidentally, prices on metals, like those on agricultural products, are fixed by world conditions of supply and demand. The metals manufacturers have been in the same boat as the farmers, but their difficulties have not been capitalized politically. The similarity of the position of the two economic groups, however, breaks down fantastic theories alleging conscious discrimination against farmers.

A COROLLARY of falling commodity prices has been the rise in bond quotations. We have been in the last five years in the midst of a broad long-term movement in the direction of cheapening the rental value on capital. In the period that lies ahead, if the trend of high grade bonds continues toward higher levels, it is probable that investment stocks, in which the dividend seems secure even in the event of a severe commercial depression, will move in the same direction. A clue to the future of the stock market may be found in the action of high grade bonds.

Underlying economic conditions seem to foreshadow a selective stock market, in which the shares of those industries and companies which can best adjust themselves to the new and intensified competition will be favored. Others may fall progressively into public disesteem for a time. In general, railroad and public utility enterprises have more to gain than to lose from the phenomena of falling commodity prices. Some efficient manufacturers will also benefit from lower quotations on raw materials.

In this connection, an industry to watch will be the textile trade, which since the war has never really returned to prosperity. In the cotton textile trade particularly, adversity has been the rule. Before the break in raw cotton, many observers were predicting a revival, particularly because the shelves carried little accumulated merchandise. With prosperity widely diffused among users, if



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not among makers, of cotton goods, there was every prospect of a huge consumptive demand even if prices had held up. As a matter of fact, cotton goods prices began a sharp upward movement in the Fall, which might have gone substantially further if it had not been for the smash in raw cotton prices, resulting from forecasts of an unprecedentedly large crop. If the current bargains, resulting from the sale of cotton approximately six cents a pound below the cost of production are passed along to consumers, the demand for cotton textiles should be enormously stimulated.

I discussed this point with L. K. Salsbury, of Memphis, who was the first to apply the principles of big and scientifically managed business to cotton growing. "There is no doubt," said Mr. Salsbury, who is president of twelve cotton planting companies, with a cotton acreage this year of 60,000 acres, "but that the present price of cotton will increase the use of it materially, and, though the present prospects are for this crop to exceed any other ever raised, I think the demand at these prices will use it."

**C**OTTON growers, of course, have been out of tune with the major new policy of American business, namely, the disposition to base production schedules on demand. As a result, they are now suffering from the pains of plenty. Nature has been bountiful in providing a bumper crop, and the farmers are now facing depression.

Unfortunately, the farmers have been unable to get the factors affecting output under control. Production depends on the cooperation of a variety of factors, and the southern planters have found themselves unable to synchronize their activities with those of other cotton farmers and unable to count on the forces that determine the weather and the activities in restraint of trade of those unwelcome immigrants from the republic to the south, the boll weevil and the hopper.


The cotton grower has not yet found the formula for getting into step with the new business rule of production adjusted to hand-to-mouth buying. Irrespective of the changing habits of business men, nature gives the cotton grower only one turnover a year, and he must still make one bold annual plunge into the pool of business hazards, instead of watching current sales and adjusting his production schedules accordingly. To the extent that American business consists of agriculture, it has not been affected by the new system of producing only for near term needs. In considering bank credit and the various economic problems of the farmer, it is well to keep this point in mind.

**T**HE economic morale of the South fluctuates with the price of cotton, and the slump is unquestionably a serious business factor. Its adverse effect, however, has been exaggerated. As a result of the huge size of the crop, even at low average prices, the South should get a billion dollars from the current yield. Although this figure is below the peak levels of the last four years, it compares well with normal pre-war years. Moreover, the actual purchasing power of the people of the South will not shrink as much as the money income from cotton, for in past years a substantial part of the total receipts was used to retire existing indebtedness of the planters at the banks and with merchants. The southern farmers on the average are freer from debt this year, and should be able to apply a larger share of their total income to current expenditures. The extent to which this expectation works

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# Associated Gas and Electric System

Founded in 1852

## Oaks from Acorns

From the Ithaca, New York, Journal, Nov. 9, 1853:

"The residences and stores of our citizens were lighted up with gas on Saturday evening last, for the first time. Notwithstanding the disadvantages of pipes filled with foul air and the difficulties attendant upon the first manufacture and introduction of an article of this kind, a good light was produced, and the quality has since improved. The Company we trust will receive a proper remuneration for the outlays made by them in our village."

"The cost was about 40 cents per million of gas."

This was the beginning of the Associated System. Abraham Lincoln was then a country lawyer. The Ithaca Gas Light Company was organized in 1852 and began with 28 customers. Today there are over 350,000.

Instead of one community the Associated System now serves over 1,000 communities in 12 states and the City of Manila. Electricity was then practically unknown. Today 84% of the net operating revenue is from electricity.

The above item unwittingly foretold the aims of the management: good and improving service—"a good light was produced and the quality has since improved."



## Associated Gas and Electric Company

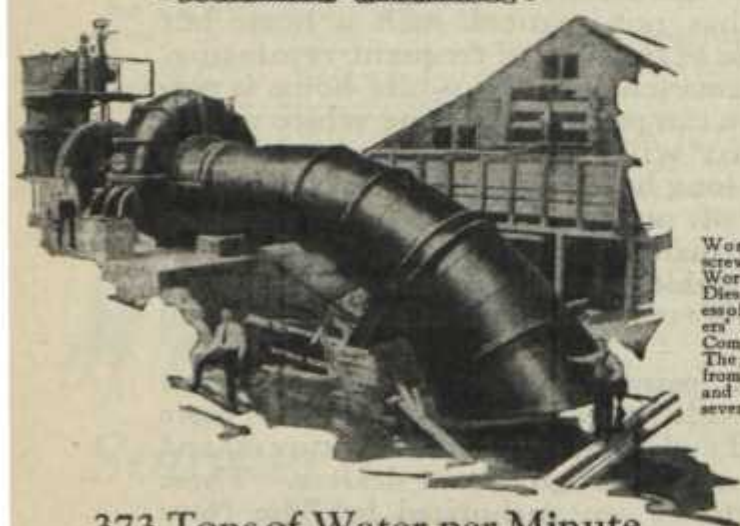
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Worthington 80-in. screw pump driven by Worthington 300-hp. Diesel engine (in process of erection)—Farmers' Land and Canal Company, Chloé, La. The pump takes water from a nearby canal and elevates it about seven feet.

## 373 Tons of Water per Minute

100,000 gallons of water per minute is delivered by this huge Worthington pump when operated at full speed. This vast amount of water—373 long tons of it a minute—is used by the Farmers' Land and Canal Company, Louisiana, to irrigate 10,000 acres of rice fields.

Power to operate the pump is supplied by a Worthington 300-hp. Diesel engine. Both pump and engine completed the irrigation season without a single shutdown because of trouble, pumping a larger volume of water at a lower cost than with equipment previously used.

The great size of the pump typifies Worthington's resourcefulness in meeting special pumping problems. The performance of the unit as a whole demonstrates the reliability of Worthington equipment and the economy and dependability of Diesel engine drive.

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out will condition the earnings next year of all the southern railroads and of manufacturers and jobbers who look to the district south of the Mason and Dixon line for a large share of their orders.

IN THE year ending December 31 next, the railroads will probably show an aggregate net income of \$1,200,000,000, the largest in the history of transportation. The rebirth of earning power has been accompanied by a demonstration of high efficiency on the part of the carriers in moving an unprecedented volume of freight without delays and without car shortages except in isolated instances.

When the railroads were turned back to their owners more than six years ago, private management was on trial.

A study of the earnings and operating records indicates that the present system has made good. As a result, government ownership of the railroads has become a dead issue.

Incidentally, I recently had an opportunity to discuss this phase of the railroad problem with Sir Henry W. Thornton, a native of the United States who got his training in the Pennsylvania system. For four years, Sir Henry, as head of the Canadian National Railways, has operated the largest government-owned system in the world, and has to a remarkable extent rehabilitated the earning power of the system. Unlike other government-owned systems, the Canadian road is not a monopoly but competes all along the line with the privately owned Canadian Pacific system, and Sir Henry, for one, hopes that the competitive system will be indefinitely continued.

SIR HENRY is irritated at the attempt of doctrinaire advocates and opponents of government operation of railroads to use the experience of the Canadian National Railways to bolster their argument. He believes that his work proves nothing about the abstract merits of government versus private operation, saying:

"Our experiment does not give the United States any information about its own railroad problem. Our work has been merely an attempt to meet a special set of circumstances. Each situation must be judged in the light of the special facts. Our activities neither prove the value nor the evils of government ownership as a general doctrine."

"The Canadian people did not consider the theoretical merits of public versus private ownership and operation of the railroads. The government stepped in to meet an emergency and prevent disintegration and wholesale bankruptcies of the railroads outside the Canadian Pacific system."

"The financial problem of the Canadian National Railways is not the effect of government ownership. It represents the same type of difficulties which resulted in widespread reorganizations of railroads in the United States west of the Mississippi River—namely, the fact that the railroads were built in anticipation of the growth of the country. One-third of the total mileage of the Canadian National Railways is for colonization purposes, rather than to serve a developed territory. Rather than to permit railroad abandonment and the blow to the credit of a country that widespread bankruptcy would involve, the government decided to hold the bag. It has not only lent its credit by indorsing our bonds, but has also made good actual deficits, and is still getting no interest on its investment, although we are now earning fixed charges



on those of our obligations which are now outstanding in the hands of the public.

"Having held this four-year-old railroad system during its colic days, the public won't let go when the system becomes a lusty youth. I foresee the time when the obligations of the Canadian National Railways will stand on their own merits and attract investors without the necessity of a government guarantee."

A CENTRAL theme in the current business program is the elimination of waste. There is a surprising amount of lost motion in the national gambling habit, of which I recently made a survey. Having no trade association, the tax-evading gambling industry has never compiled authoritative statistics. However, according to the best estimates, 152,400 individuals are engaged in gambling as a gainful occupation. Moreover, approximately \$1,000,000,000 a year is staked by the American people in bets on horse racing, elections, prize fights, turns of the roulette wheels and other devices which express the laws of chance.

Despite the stringent laws against lotteries, the lottery principle recurs in charity bazaars and in foreign drawings which are illicitly smuggled into the country. In 1925 the Post Office issued fraud orders against only three domestic lotteries, compared with forty-four foreign lotteries, whereas twenty years earlier it issued fraud orders against eighty-seven domestic lotteries and twenty-six foreign schemes.

These leaks in the reservoir of economic efficiency are of concern to the business man who is interested in the welfare of his employees. Workers who dissipate part of their wages in gambling are unable to live decently no matter how much is in the pay envelope. Moreover, the movement to get employees to buy shares in the employing corporation is thwarted by gambling wastes, as well as by the purchase of blue sky securities, to which much more attention has been directed in recent years.

The futility of making unenforceable laws is illustrated by the statistics of gambling. The only practical way to meet the situation is through education, and in this work employers can play a part not only through encouraging a discussion of the subject in house organs, but also through vigilance in exposing particular violations of the anti-gambling laws which manifest themselves in their own bailiwicks.

### New Selling Plans

INTERESTING quirks in the retail trade are constantly coming forward. One reported by Dan Rennick that recently came to light was that on envelopes sent out by a store was a printed notice that Post Office employees were allowed a discount at that store. Since each piece of mail was handled by several employees, the notice on the envelopes had particularly wide circulation.

Another live retailer has a very effective method of collecting on slow accounts. He finds out the customer's bank and fills out a check for the correct amount. He then mails the check to the debtor for his signature with a note explaining that it is done to save his time.

A southern store has advertised to the mothers to let their sons come alone to buy their wearing apparel. The quality of the goods is guaranteed by the store and the goods may be returned if the family develops a dislike for the boy's choice. The policy helps teach the boys self-reliance.



## No safety pins on Western pockets

IN figuring markets it isn't enough to count people. You must know *how much they can spend — and how they spend it!*

The eleven million people of the West constitute a rich and fertile market. In buying power, (based on per capita wealth), they are the equivalent of a market of nearly sixteen million average Americans.

Money circulates freely in the West. There are no safety pins—real or fancied—on Western pockets. Small wonder then that Oakland is engaging the serious attention of manufacturers.

For Oakland is the logical point from which to serve this market. It lies close to the center of the West Coast. Ships and railroads radiate in all directions from this point. No other great city can ship freight to all the West so quickly or so cheaply.

Probably this reason alone would explain why 117 great national industries have located factories or warehouses in this community.

From the manufacturers' standpoint, this city also offers high-grade labor and unsurpassed working climate—cheap power, low cost factory sites, concentrated population and primary markets.

Do you know the potentialities of this vast Western empire? Are you planning ahead to keep pace with Western Growth?

It will be worth your while to send for a book on "Industrial Oakland." It is full of pertinent information. Shall we send you a copy?



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This advertisement of Oakland and Alameda County—the West's fastest growing industrial district—is produced cooperatively by the Oakland Chamber of Commerce and the Alameda County Board of Supervisors.



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OAKLAND { and Alameda County } CALIFORNIA

"Industrial Capital of the West"



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*From a statement by  
Mr. Henry Ford—in  
"Factory" for October, 1926*

**AGAIN** Mr. Ford drives home a vital fact. A minute, or an hour, wasted in unnecessary labor is lost forever—is beyond redemption.

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## Business Views in Review

By WM. BOYD CRAIG

**ANYTHING** Henry Ford does is news, but some of his actions create more controversy than others. His latest new departure, advocacy and adoption of the five-day week, has let loose reams of copy and rounds of conversation.

There are as many opinions on the subject as there are speakers, and a hazarded guess would indicate that they will continue to be diverse for some time.

At random, ask an engineer, a manufacturer, a coal operator, a banker, a government employee, a union laborer, a steel executive, an electrical man, or a farmer what he thinks of the five-day week, and in each case the expression will be at variance with every other.

The operator of the largest steel plant in the world differs with Mr. Ford sharply. Judge Elbert H. Gary expressed himself as believing firmly in the "Six-Days-Shalt-Thou-Labor" Commandment, according to *The American Metal Market*. To quote:

"I am unalterably opposed to the five-day week, because I think that no position is proper unless it is logical. To pay a man for six days' labor if he works only for five is distinctly illogical, and that is precisely what industry will be called upon to do, for many of the leaders of labor already have stated that they will not consent for a moment to any reduction in the weekly compensation of the workers; that is, they will demand the same compensation for a five-day week that they are now receiving for a six-day week.

"I believe that the exigency of the moment demands that American industry take an unequivocal position on this question, so vital to the future prosperity and permanence of our whole business fabric. There can be no equivocation, nor time for delving into the region of specious argument."

### Profit Makes the Hours

**MANUFACTURERS' NEWS** points out that the profit of the employer determines the length of time worked, and continues:

"Anybody can establish a five-day week if his profit is great enough; but he is likely to find that great profits mean small sales and a business diminishing to the vanishing point. Anybody can maintain a good sales volume at a profitable figure if the wages he pays are low enough and the hours of work long enough; but he is likely to find that dissatisfied labor soon means no labor at all, and so no production.

"The man who can combine the good features of those opposite conditions, keeping labor satisfied with high wages and short hours, and the public satisfied with low prices and a good product, has more coming to him from other manufacturers than criticism. There is a definite reason for his ability to do the revolutionary thing and succeed with it, and that reason is that he has built up the margin between cost and price by making every employe-hour contain sixty full minutes of several horsepower each."

The fact that the innovation just preceded the convention of the American Federation of Labor at Detroit in no way detracted from the publicity given the affair. The stage was set, and Mr. Ford was once more the principal. The specific comments of William Green might be reprinted here, showing that he, like Mr. Ford, is keen for culture in quantity.

"How can the cultural life, how can the spiritual life, be promoted to that higher standard that the Creator intended if the body is to be given to ceaseless toil in the whirl and noise and strain of a modern factory?

"We have established the shorter work week in many industries. It is growing.

"We want to extend it, not in a revolution-

ary manner, because we realize that that cannot be done. It must be extended in a progressive way, as industry is prepared to extend it and the workers are prepared to use it and accept it. In that practical, progressive way we can bring about the acceptance of the wage and shorter-hours philosophy of the American Federation of Labor."

The *Iron Age* speaks up at this point:

"It is not hard to understand the American Federation of Labor's declaration for a five-day week, accompanied as it is by the significant qualification 'at no corresponding curtailment of the weekly wage.' The labor leaders are salesmen, which is not a derogatory characterization, for in human life most of us are in reality salesmen whether or not we think of ourselves in that way. The labor leaders aim to sell more and more advantageously labor in the mass. If unsuccessful in that, their *raison d'être* would be nil. The main difference between organized labor and the medical profession, let us say, in selling services is that the former occasionally includes the use of brickbats among its arguments.

### Labor Overlooks Production

**MR. GREEN** and his advisers are men of intelligence, and as such are perfectly aware that 45,000,000 American workers cannot make the same produce in 250 days of annual work that they can in 300. The anthracite miners, for example, who work only a few more than 250 days a year, as it is, would manifestly by working 300 days produce more coal, which would be highly desirable. The program of the American Federation of Labor does not envisage production at all. It is simply concerned with selling five days of labor for the present pay of six days. If the production of a sixth day be needed, it can be had for 10 per cent to 20 per cent more pay, which, of course, is to come from the 90 per cent of labor that is unorganized, there being no other source whence it might come."

Should a government employe look forward to a five-day week? The *Federal Employee* believes that it will come to pass, in these words:

"With 1926 appliances, systems, etc., it is unnecessary for a working week of longer than five days to exist. The mere putting in of time means nothing; work accomplished is the main object. And from the point of efficiency it is not illogical to point out that in many instances more work would be done in five days than is now turned over in the full six."

The *Public Service Journal*, official organ of the Public Service Association of New South Wales, has the following to say under the heading "No Saturday Work":

"At the last annual conference of the association the executive was instructed to make representations to the government with the object of securing the abolition of Saturday work. The question whether the hours involved should be distributed over the other five days of the week was left an open matter to form the basis of negotiation with the government.

### What Is a Working Week?

**SOME** members think that the hours should not be made up. We are satisfied, however, that the majority holds the opinion that 36½ hours is a reasonable working week, and that the association is justified in agreeing to the abolition of Saturday work on the understanding that the hours involved would be made up on the other five days of the week."

"New South Wales, it is very evident, is considerably ahead of the United States in this important personnel respect," says *Federal Employee*. "The National Federation of Federal Employees will take a firm stand at the next session of Congress behind legislation designed





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to give America's Federal workers the benefit of the increased efficiency which year-round Saturday half holidays will stimulate. Then will come a definite move for the five-day week."

The bituminous coal industry is so situated that it can view the situation with something like academic detachment, according to *Coal Age*, because seldom in the last forty years have the bituminous fields approached anything like a five-day week. The problem is to increase the number of working days to something like that figure in this industry. To quote:

"There are few producers who would not gladly exchange their present broken running time for a guaranteed five-day week operation throughout the year. Could Mr. Green and his associates remove the many practical obstacles which now stand in the way of the realization of such a goal, the surviving mine owners would welcome the application of his formula to their industry."

*The Pennsylvania Stockman and Farmer*, organ of a group accustomed to long hours, sees small hope for the immediate, universal adoption of the short week. Says the *Farmer*:

"We doubt the ability of most labor to produce as much in five days as in six or five and a half. Unless labor can and will do that it must eventually accept less for a week's work, either less than now or less than it might have by working more. Considering labor as a whole, there is no way by which it may enjoy more of the products of industry while producing less of them."

#### Says Ford Is Not Radical

TO THE *Electrical World* it appears like this:

"Henry Ford's inauguration of the five-day week in his factories as a permanent policy is not so radical as it seems. With the increasing use of machinery and labor-saving appliances in industry it was inevitable that production would some day exceed demand and that rather than employ fewer hands the trend would be to shorter hours. Thus Mr. Ford avoids a serious social upheaval, just as his famous 'flivver' has done. Were there nothing but expensive cars, available only to the rich, monopolizing the highways, democracy would have received a tremendous jolt; but through Mr. Ford's genius the high and low, the rich and poor enjoy luxury of travel unknown to previous generations."

"But, without detracting in any degree from the well-earned laurels of Mr. Ford, it is proper to point out that to the electrical industry, and the electrochemical industry in particular, is due most of the credit for the shorter working week. The ferro-alloys of the electric furnaces at Niagara Falls have made the superior steel of the automobile possible, and the artificial abrasives have enabled men to fashion the parts quickly and cheaply. Without them automobile production on the present scale would be impossible and costs would be many times greater than what they are."

"Thus we have a demonstration of the national aspects of Niagara power whereby industries far removed from that waterfall enjoy its advantages and civilization everywhere reaps many of its rewards. What electricity has done for the automotive industries it is doing and can do for other industries, and thus it will become an even greater boon to men if they will but utilize its magic power."

#### Will It Work? Another Asks

*ENGINEERING NEWS-RECORD* likes the idea as a suggestion, but fears for its practicality. It says:

"The American Federation move is obviously inside politics. Labor knows that it can hardly build up a national campaign for higher wages; there remains to fight for then only fewer hours. The eight-hour day, for so long a battling point, has been won; the next redoubt to be captured is the five-day week. For the present the campaign need not be taken too seriously, but the pennant has been unfurled."

"We can't keep on indefinitely lowering the hours of labor, but we can recognize that after



all there is more theological than economic significance in the much quoted injunction 'In the sweat of thy face, shalt thou eat bread.' Until that happy time comes when every man has found his work and loves it so that laboring at it brings joy beyond the rewards that his wage can buy, until that time labor will be largely drudgery. To reduce the term of that drudgery is surely laudable, if in so doing there can be assured an individual reward which permits the pursuit of happiness in the additional leisure gained. The catch in the five-day week program of both Mr. Ford and the American Federation of Labor is that so far there is no assurance that we have reached the stage of industrial development when it will work."

*The American Metal Market*, on the other hand, does not like the suggestion. Like Judge Gary and John E. Edgerton, president of the National Association of Manufacturers, this organ feels that there is a note of blasphemy in the thought of reducing the week's working time of working men. Says the *Market*:

"It is a good thing that the inauguration of a five-day week by the Ford Motor Company has produced an amount of discussion quite out of proportion to the intrinsic importance of the episode. The action did not create a precedent that other plants have any occasion to follow. It did not set a pace. It did not create a problem. But almost anything at all that sets people thinking is a good thing in these piping times when thinking has grown still more unusual and when even the art of conversation has been waning. The point is a good one to set up discussions."

"Many observers have come out with testimony that there is absolutely nothing in the claim that men can do as much work in five days as in six days, or in five and a half days. Some use the quite pardonable expression 'pure bunk.' The testimony of these observers is as to what men can do. As we are dealing with actualities, however, it is not going to the root of the matter to consider what men can do. They can do enormously more than they do do, but what of it? The question is what men will do. Shorten a man's week from six to five and his attitude will be one of increased importance, lessened enthusiasm to render service, not increased enthusiasm. The testimony presented in these discussions is quite deficient at this point."

"If spare time were spent in genuine recreation, perhaps we could. It might be worth while. But the typical procedure is to spend money. More spare time would mean desire to spend more money. It is impossible to reduce income and supply of goods and services and then have more money to spend and more goods and services to be purchased."

The banker's viewpoint is presented in *The Index*, house organ of the New York Trust Company. It says:

"What can be done by the Ford Company cannot be done immediately by industry as a whole. The Ford plants are highly specialized, and it has frequently been alleged that the present output is adequate for its market and can be achieved in the five-day week. The endless belt in the Ford shop is the symbol of a mechanical development which does not exist in most industries in so complete a form. The automatic nature of the work may make the five-day week for the Ford employes more desirable than in other industries."

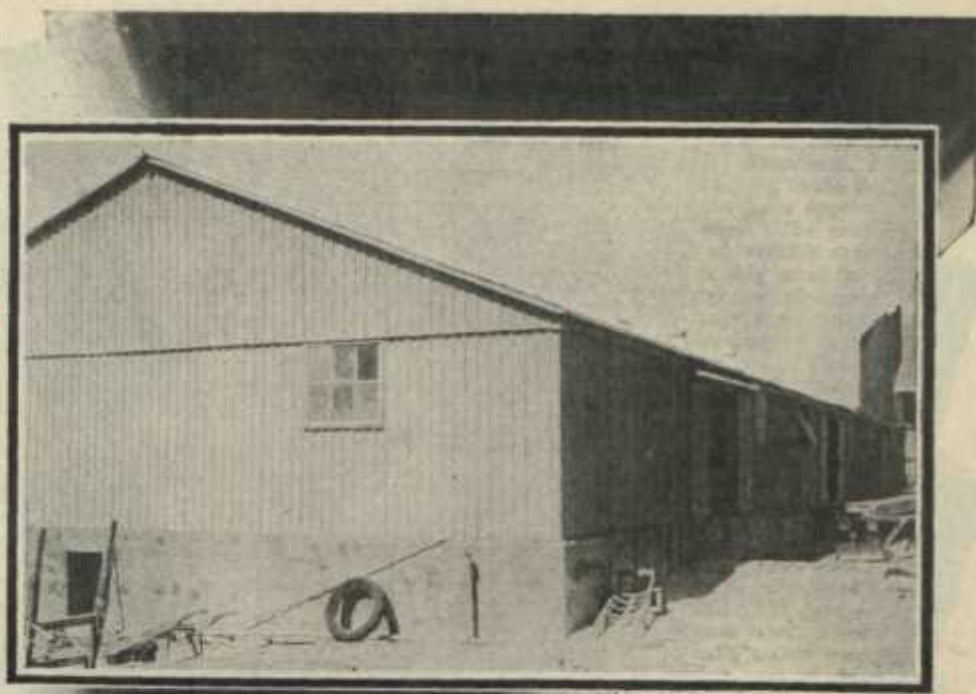
"Industry, as a whole, however, will not be able to reduce the number of working days unless an adequate output is maintained. Over a period of time efficiency may be so increased as to make this possible; and the Federation has indicated that its policy will depend upon the efforts of labor to that end."

#### What Should Cub Editor Read?

Answer by "Wallaces' Farmer"

*WALLACES' FARMER* uses some of its editorial space to advise the editorial staff of the student newspaper of the University of Iowa, in these words:

"The *Daily Iowan* is the official student news-



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paper of the University of Iowa. In a recent editorial on 'Does the Farmer Want Help?' one of the editors, in discussing the movement for farm relief, said that if an intensive study were to be made of the farm situation, 'it would soon become clear that it is not the farmer himself who is kicking, but the city politician who is trying to represent him.'

"Later on, we are informed that 'political legislation cannot help him. His salvation lies in his realization that it is only big business methods which will put farming on a sound basis.'

"The students in journalism at the University of Iowa seem to have been reading quite carefully the *Wall Street Journal*, the *New York Evening Post* and other papers that represent the eastern point of view on farm legislation.

"It is perhaps a little unfortunate that they should be forming their ideas of the agricultural situation entirely from the editorials of papers like these. It wouldn't hurt them to read the *Des Moines Register* or even *Wallaces' Farmer*.

"The next time *The Daily Iowan* feels moved to discuss farm affairs, we hope the editors will put the *Wall Street Journal* and the *Philadelphia Public Ledger* in the waste basket, and go out and look at Johnson County farms and talk with Johnson County farmers. They will be likely to get a little better line on what the farm situation in Iowa really is."

## Cuba Abandons Sugar Control; What of Our Export Proposal?

CUBA has abandoned her experiment in controlling sugar production. *The Price Current-Grain Reporter* thinks that should interest those favoring the McNary-Haugen bill. The *Reporter* says:

"After an experiment lasting only one year, Cuba has abandoned her attempt at controlling the output of sugar and the mills are left free to grind all they can.

"In annulling his former decree, President Machado said 'it did not appear equitable that all sacrifices in order to arrive at the normalization of this industrial product should be suffered by one producing country.'

"With a fictitiously inflated value given to all of our agricultural products, if the principles embodied in the Haugen bill become the law of the land, may we not have to try Cuba's discredited experiment of production control? If we do, will our experience be any different from hers?"

## Lumber Periodicals Suggest That Mr. Babson Was Mistaken

THE lumber journals from all sections of the country are aroused by the recent remarks of Roger W. Babson, quoted in the *Florida Times-Union*, Jacksonville. Mr. Babson is quoted and requoted as saying:

"The best thing that Florida could do for future generations would be to pass a law against the building of any more frame houses. If the legislature of Florida would pass this simple law, it would hurt no one and the disaster would be worth far more to the state than it has cost."

"For downright ignorance and a display of animosity against a great industry, the author of the above statement is entitled to the leather medal," in the opinion of the *American Lumberman*.

"Despite statements of competent engineers, made after a careful survey of the situation, that good frame construction withstood the ravages of the storm better than almost any other type, and in the face of actual visible demonstration of the way in which good wood construction stood up under the force of the hurricane, this economist—perhaps still smarting under the severe castigation received some time ago from representatives of the lumber industry because of his prejudicial statements—now breaks into print with this silly suggestion that all



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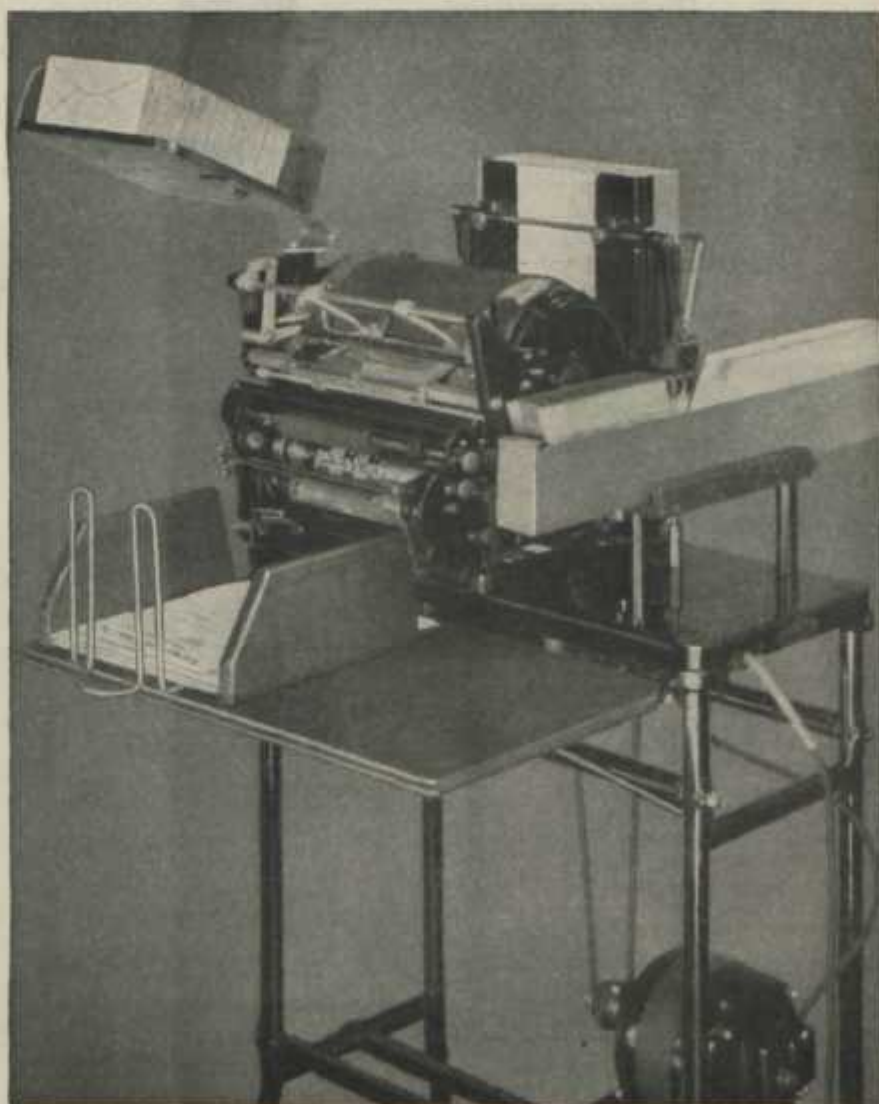
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frame construction be barred in Florida by legislative act.

"This would appear to be simply evidence of 'another good man gone wrong,' and shows how financial success and a certain degree of public adulation sometimes can cause a supposedly substantial business man to make a spectacle of himself in the eyes of really right-thinking people.

"In view of the indisputable evidence in favor of good wood construction, and the evident desire of everyone, the lumberman included, to drive home the lesson that poor construction must be avoided no matter what the material used, it seems incongruous and entirely out of place, to say the least, for Roger Babson to sound this discordant note and advocate the abolition of frame houses.

"The lumber industry, of course, will not permit this aspersion to go unchallenged. It affects not alone the great lumber industry of Florida but the industry as a whole.

"For the sake of his own reputation as an economist and wise business counsellor Mr. Babson should hasten to recall his suggestion and retract the unwarranted statement that 'this simple law would hurt no one.'

And the usually conservative *Southern Lumberman* thinks that such terms as Mr. Babson uses might be expected from the paid propagandist of the substitute building materials competing with lumber.

### Cotton Estimates Are Erratic, Automobile Journal Discovers

**C**ROP estimating has always been a source of wonder to the unenlightened layman. He sometimes thinks that even the experts do not always know just where they are going in their crop forecasting.

*Automobile Topics* comments on cotton crop estimating thus:

"Two estimates of the recent shrinkage in the prospective value of this year's cotton crop are found to vary by four hundred million dollars.

"Where a commodity of so great importance as cotton is involved, surely such a wide discrepancy in interpretation of the effect of a decline in price merits consideration in itself. Since the average man is somewhat dependent upon professional opinion in reaching his conclusions the sagacity of the interpreter has a very considerable bearing on the public reaction to the news.

"In its *Mid-Month Review of Business* the Irving Bank and Trust Co., New York, finds, 'of chief importance' the sharp decline in cotton prices of nearly six cents a pound within a month, to the lowest point in five years. The *Review* goes on to explain: 'This indicates a drop of approximately \$30 a bale on an estimated crop of 16,627,000 bales, or roughly half a billion dollars.'

"On the other hand, Guy M. Walker, writing in the *Boston News Bureau*, says, 'A big crop ought to mean prosperity and even at a lower price than a short crop would command it ought to produce approximately the same. On the day that I figured, cotton had already jumped back from the low of three or four days before to almost 14 cents, and I discovered the difference between a 16,700,000 bale crop at 14 cents and a 14,000,000 bale crop at 17½ cents was less than \$100,000,000. . . . It is plain therefore that the southern cotton growers will get approximately as much out of the large crop at current prices as they expected from the smaller crop anticipated at higher prices.'

"It is the purpose here merely to present a contrast in methods of reasoning. It is a fact that panicky conditions are sometimes created by dismay over the shrinkage of paper profits, though that circumstance does not in the least mitigate the disturbing effect of calculations overthrown. Just now the condition of the cotton market is having a somewhat depressing influence on business, but the real difficulty will probably turn out to be far less than is anticipated."



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AT THE PRESENT TIME one of the chief specifications for gasoline is based upon what are known as Engler distillation tests, in which,

### Perfecting a New Test for Motor Fuels

under specified conditions of heating, etc., temperatures at which definite percentages of fuel are evaporated are noted. As a "thumbprint" type of test the Engler distillation is highly satisfactory, in that it furnishes an excellent means for identifying the fuel. It does more than this, however. It provides a basis for estimating the relative vaporization characteristics of fuels. Thumbprints and knowledge that one man is taller or fatter than another are by no means sufficient information for the tailor who must provide the man with a suit which will fit. Similarly, accurate means for identifying a fuel and knowledge that it is more or less volatile than another fuel are scarcely adequate data for the engineer who must "fit" the motor-car fuel with a suitable carburetor and manifold.

The present type of distillation test fails to give this information, because the fuel is vaporized under conditions very different from those which prevail in the manifold of an internal-combustion engine. In the August issue of the Journal of the Society of Automotive Engineers T. S. Sligh describes a new test of automobile fuels which is being developed at the Bureau of Standards. Although this, too, is a distillation test, the conditions under which the fuel is vaporized are approximately those which exist in the intake system of the ordinary internal-combustion engine. In this test air is caused to flow through a helical metal tube at a predetermined rate as measured by a small orifice meter. Fuel is supplied at a predetermined rate by displacement from a reservoir governed by a clock-controlled cylinder. Unevaporated fuel is drained from the lower end of the helix and measured. The temperature of the fuel-air mixture is controlled and varied as desired.

Further work is being done in adapting this apparatus to laboratory use, and it is expected that the device will materially assist the automotive engineer by providing him with information as to the temperatures and mixture ratios necessary for the efficient utilization of a given fuel.

TWO NEW HANDBOOKS, Nos. 8 and 9, of the Bureau of Standards have just been issued. They form part of the latest revision of the

**More Parts of** National Electrical Safety Code, which is being issued in separate parts and will later be printed in combined form.

**Electric Safety Code Now Ready** Handbook 8 is made up of safety rules for the operation of electrical equipment and lines, and will, of course, be found of special interest to electric light and power companies and to those engaged in work around electrical machinery and lines. Rules are given for employees doing general and specialized work in electrical supply stations and on supply and communication systems. Copies of this handbook may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 15 cents each.

Handbook No. 9 contains safety rules governing radio installations. It will be found of value to owners and operators of transmitting stations and to the general public, because it contains many valuable rules for the installa-

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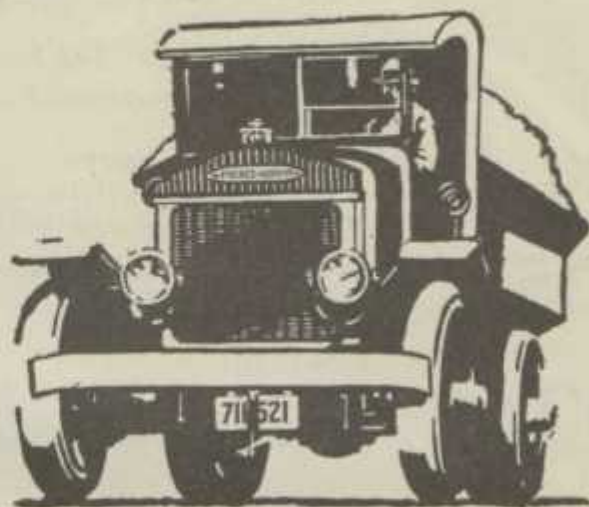
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tion of receiving equipment. Among these may be mentioned the following:

Antenna supports must be sufficiently rigid and of such size as to withstand any load which may come on them. Attachment to chimneys should be avoided. Metal poles or masts extending more than 10 feet above the supporting building must be permanently and effectively grounded.

Locations involving crossings over railroads, supply lines, etc., should be avoided, but where no other location is possible special rules are given for the installation.

In the case of receiving stations, lead-in conductors shall be not less than No. 14 A. W. G. (0.064 inch) in diameter, if of copper, nor less than No. 17 A. W. G. (0.045 inch) if made of bronze or copper-covered steel. Clearances are given between lead-in wires and other conductors on the building and it is recommended that lead-in conductors be "securely fastened in a workmanlike manner." The code also requires that the lead-in wire shall enter the building "through a rigid, noncombustible, nonabsorptive, insulating tube or bushing, or through a drilled window pane."

For receiving stations, grounds must not be made to gas pipes, but should be made to cold-water pipes, if these are connected to a street main. An outlet pipe from a water tank fed by a street main or a well may be used, provided such outlet pipe is adequately bonded to the inlet pipe connected to the street main or well. Where the wire is attached suitable clamps must be used, and the entire surface of the pipe covered by the clamp must be scraped clean.

Rules for the application of protective devices, such as lightning arresters, and antenna grounding switch are also given. Each lead-in conductor for a receiving station must be provided with a lightning arrester, whether or not an antenna grounding switch is used. The arrester may be either outside the building or inside, if away from combustible materials.

If a receiving set is connected to a power supply line, the device used and methods of wiring must be in accordance with the rules covering permanent or portable fixtures, devices, and appliances as given in section 37 of the National Electrical Safety Code. The wiring of storage batteries must also conform to these rules, and such batteries must be placed where there is adequate ventilation.

Copies of Handbook No. 9 may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C.

THE SERIES OF REPORTS on the ports of the United States, being compiled by the Board of Engineers for Rivers and Harbors of the War Department, is familiar

### Study of the Facilities of New York Harbor

to the transportation and shipping world. Announcement is now made of the publication of No. 20 of this series which is devoted to the Port of New York. This report is in three volumes. Volume one is a general report covering subjects common to other reports in the series with the exception of data on piers, wharves, and docks. Volume two consists wholly of information regarding the piers, wharves, and docks of the port; while volume three is an atlas of maps of the water front.

To quote the report: "New York is not only the greatest port but the greatest market in the United States. The concentration here of a large share of the banking resources of the country is an important factor . . . New York's task is to improve and coordinate its immense facilities; to conceive of itself always as not only a center of population and industry but as a national gateway, with responsibility to the nation to make itself a port having the most reasonable charges, the quickest dispatch, and the most efficient service."

Like its predecessors, the New York report gives full information with regard to port and harbor conditions, port customs and regulations, services and charges, fuel and supplies, and





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# GENERAL ELECTRIC



## Wherein wheels affect your selling costs \* \* \*

*and Wisdom points a guiding hand*

GRANTED, there seem to be many faults with the present postal regulations. Nevertheless, your printed salesman still travels over the wheels of the mailcar for a penny an ounce—to any part of the country. While your personal salesman has to spend at least three and six-tenths cents for every mile he rides on the wheels of a coach.

**Moral:** Dispense with your sales force and solicit business entirely by mail? Certainly not. Cut your selling overhead by decreasing your selling staff? No, again. Rather, increase the efficiency of your salesmen by interspersing their calls with frequent mailings of effective sales literature to their customers—and prospects.

Inspire (it can be done) jobber and dealer cooperation by cooperating with them in getting your message over to the consumer through booklets, package enclosures, counter leaflets, etc., attractively designed, well printed.

**Truth:** Impressions convince as often, and as much, as arguments. Splendid art work, engravings, typography all help to give your statements a quality accent. So too, does

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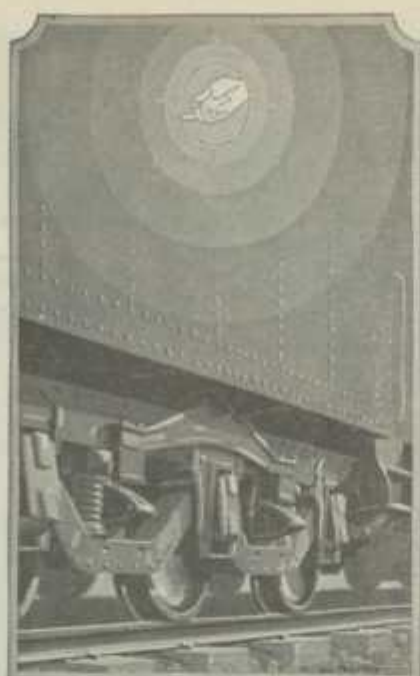
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NATION'S BUSINESS, Washington, D. C.



other facilities available to commerce and shipping. There are numerous photographs made especially for the report by the U. S. Army Air Service.

OF THE 857,900,000 FEET of softwood lumber consumed by eighteen wood-fabricating industries, 595,000,000 are finally used in lengths under 8 feet. That is,

### The Outlet for Short-length Yard Lumber

69 per cent of such industrial requirements are for less than eight-foot lengths but only 13.8 per cent of their purchases are of this length. It is estimated by the Forest Products Laboratory in their bulletin "Industrial Outlets for Short-Length Softwood Yard Lumber" that these industries might reasonably be expected to increase the percentage of short lengths in their total purchases from 13.8 to 45 per cent.

The results of this investigation have been compiled and printed in Department of Agriculture Circular 393 which is procurable from the Government Printing Office, Washington, D. C., at ten cents per copy. This bulletin will be sent to 3,000 lumber manufacturers.

On pages 6 and 7 are tables of special interest. There it is shown that of the lumber products purchased by these eighteen industries, 27.2 per cent are in the form of rough boards, mostly 4/4; 25.4 per cent are in the form of dressed boards; 19.5 per cent as dimension, mostly 8/4; 11 per cent as D&M and less than 6.5 per cent as siding, ceiling and flooring. Of the industries surveyed, portable and ready-cut buildings are estimated to consume 245,000,000 feet of softwood lumber; the agricultural industry 130,000,000 and the casket industry 102,000,000 feet.

There is much in the bulletin besides its data on short lengths and the possibilities of their more widespread use. Each industry of the eighteen is studied—its methods of manufacture, consumption by species and items, cutting lengths and sources of supply. It concludes that sawmills now supply 87.4 per cent of the yard lumber used by the wood fabricating industries studied, wholesalers, 11.4 per cent and retailers, 1.2 per cent; that wholesalers sell 19 per cent of their lumber to industries, including 29 per cent of their lengths under 8 feet while retailers' sales to industries vary between extremes of 1 per cent in Arkansas and 37 per cent in Massachusetts.

WHAT IS THE MAXIMUM carbon monoxide allowable in vehicular tunnels, such as the Liberty tunnels in Pittsburgh and the Holland tunnels in New York?

### The Danger of Carbon Monoxide in Tunnels

The Bureau of Mines has conducted extensive research and found that 0.04 is the maximum allowable percentage for an hour's exposure. To safeguard the public further the Bureau has developed an extremely sensitive recording apparatus which gives a continuous record of the percentage of this gas in the air and rings a bell or flashes a signal light when the carbon monoxide content exceeds the danger point.

WEATHER DAMAGE to raw cotton after picking has long been a source of much waste, entailing annual losses estimated at upwards of \$25,000,000, says the Department of Agriculture in a new bulletin. By "weather damage" is meant the damage resulting from excessive moisture in bales of cotton. According to the studies there are two distinct stages in the process of deterioration of cotton as a result of this condition—mildew or discoloration, and decay of the fibre.

### Weather Damage Spinning Tests on Cotton

Mildew lowers the grade and consequently the value, but does not seriously weaken the fibre. The fibre, however, is seriously weakened by the process of decay, and if it is not stopped



the fibre eventually will be destroyed entirely.

Six tests conducted by the department showed that bales exposed to various weather conditions lost 3,530 pounds out of an original weight of 17,622 pounds. To protect cotton from weather damage, the bulletin says, it is of the greatest possible importance that the bales be kept from contact with the ground or any other source of moisture. Cotton should be matured thoroughly and dried before it is ginned. Copies of the department's bulletin No. 1438-D, "Weather Damage to Cotton," may be obtained by writing the Department of Agriculture, Washington, D. C.

Another test with cotton that the Department of Agriculture conducted dealt with the differences between "snapped" and "picked" cotton. Preliminary experiments indicate that, although the spinning quality of "snap" cotton does not differ materially from that of "picked" cotton, "snapping" as a method of harvesting lowers the grade, the difference in the cotton tested amounting to about two grades.

The decreased cost of harvesting cotton by the "snap" method, the department found, may be much more than offset by the extra expense of passing the cotton through boll extractors and by the loss of value resulting from the lower grade.

This is the first of a series of similar tests, and until confirmed by subsequent work the results should not be accepted as conclusive. Nevertheless, department officials thought it advisable in view of the widespread interest in the problem not to delay publication of the results thus far obtained.

Copies of this preliminary report, entitled "Spinning Tests of Picked and Snapped Cottons" may be obtained by writing the Bureau of Agricultural Economics, Washington, D. C.

MANAGERS of cooperative associations that market fruit and vegetables have reported to the Department of Agriculture that insufficient business is their greatest handicap in achieving success.

### Problems of Fruit and Vegetable Cooperatives

The other six factors that tend to reduce the effectiveness of an association are: the production of too many varieties, including those difficult to sell or of poor keeping quality; poor packing, careless handling, inadequate storage facilities, a lack of grade standards; inefficient sales service; retailing methods and margins restricting the consumption of fruits and vegetables; car shortages, delays in transit, and other transportation difficulties.

The value of the fruits and vegetables marketed by cooperatives increased approximately 170 per cent between 1915 and 1924, or from \$110,000,000 to \$300,000,000, says the department. The relative prices of fruit and vegetables for these years indicate an increase in quantity of products handled of a little more than 80 per cent.

As long as the associations are judged altogether by the price they are able to obtain for the current crop, their existence, as a class, will be precarious and the services they can render limited. It is necessary to establish well-financed, efficient agencies which can handle the crops of succeeding years effectively. The short-sighted viewpoint handicaps the organization and nullifies many of the services it might otherwise render.

The results of the department's survey have been printed in detail in Department Bulletin No. 1414-D, entitled "Management Problems of Cooperative Associations Marketing Fruits and Vegetables."

MORE THAN FIFTY motion picture films showing the mining, treatment, distribution and utilization of numerous essential minerals are in the collection of the Bureau of Mines of the Department of Commerce. The cost of making more than 2,000,000 feet of films was almost \$1,000,000. The entire cost has been borne by private

### Motion Pictures Tell Story of Mining Industry

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## Inventions

How to protect your interest in machines, processes, trade-marks, in fact industrial property of every sort. How to eliminate expensive investigations, prevent competitors from stealing designs, prove invention contentions, and many other facts important to every manufacturer or inventor, are disclosed in "HOW TO KEEP INVENTION RECORDS" By H. A. Toulmin, Jr., of the firm of Toulmin and Toulmin, attorneys, with offices in Dayton and Washington. Mr. Toulmin is recognized as one of the leading authorities who write today on patent subjects. His book stands alone as a reference work. \$2.00 at leading bookellers or from D. APPLETON & CO., 35 West 32nd Street, New York, N. Y.

## Scientific Facts About Diet

A CONDENSED book on diet entitled "Dieting for Health and Efficiency" has been published for free distribution by the Health Extension Bureau of Battle Creek, Mich. Contains set of health rules, many of which may be easily followed right at home or while traveling. You will find in this book a wealth of information about food elements and their relation to physical welfare. This book is for those who wish to keep physically fit and maintain normal weight. Not intended as a guide for chronic invalids as all such cases require the care of a competent physician. Name and address on card will bring it without cost or obligation. HEALTH EXTENSION BUREAU, SUITE V-438, BATTLE CREEK, MICHIGAN. GOOD HEALTH NEWS.





## Cost Hopes Versus Cost Facts

Salesmen usually think selling prices are too high. Treasurers think them too low. The trouble with a good many businesses, however, is that too many people are thinking about prices and too few about costs.

Thinking about costs cannot be done with one eye on the market and the other on net profits. It must be done with both eyes sharp on the facts of production. Only when those are seen clearly, can adjustments be made in favor of the net profits, or concessions to the market.

Of these cost facts few are more important than the fixed capital expenditures. "The effects of a wise or unwise policy in the handling of the fixed capital expenditures are permanent, far reaching, and frequently the determining factor in success or failure for the company." So states an eminent accounting authority.

The verification and adjustment of fixed asset accounts, accounting practices in regard to betterments, renewals, and additions, the adequacy of depreciation charges—all of these major factors are more safely provided for through proper appraisal service.

## The American Appraisal Company

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industrial enterprises who have cooperated with the Bureau in this work.

"The World Struggle for Oil," a seven-reel picture, visualizes the story of petroleum in all parts of the world, from the earliest use of the material, as pitch, smeared on Noah's Ark.

In connection with the Bureau's promotion of safety work in the oil industry, it has made two films, "When Wages Stop, or Safety First in the Petroleum Industry" and "Live and Let Live."

Besides these pictures, there are others on the gas industry, coal mining, iron, sulphur, explosives, and other essential industries.

The films are loaned free of charge to all desiring to use them, with the understanding that they will receive the best possible care, and that all damages and loss other than normal wear and tear will be replaced by the borrower, also that all costs such as express charges, postage, etc., will be paid by the borrower of the films.

A list of the films may be obtained from the Bureau of Mines, Department of Commerce, Washington, D. C.

HARD, VITREOUS KERNELS of wheat have superior qualities for bread-making when compared with the starchy grains of the same

### Studies of the Milling Qualities of Wheats

class of wheat according to the results of recent experiments of the Department of Agriculture. Wheats of certain classes containing a high percentage of such kernels usually command a premium over the price paid for the yellower and more starchy appearing wheats of the same class, because it is believed generally that the hard, vitreous kernels have superior bread-making qualities.

These tests described in the bulletin would seem to show that the dark kernels are decidedly superior to the other types of kernels and that the starchy kernels are just as decidedly inferior. Complete details concerning the tests and results are given in Department of Agriculture Bulletin 1420-D, "Relation of Kernel Texture to the Physical Characteristics, Milling and Baking Qualities, and Chemical Composition of Wheat," copies of which may be obtained, as long as the supply lasts, by writing the Department of Agriculture, Washington, D. C.

STUDIES OF THE FACTORS which influence the quality and palatability of meat, conducted within the last year with 19 of the State experiment stations, have

### Meat Research To Solve Many Problems

revealed a surprisingly large unexplored field for research. Notwithstanding the great quantity of valuable information relating to the production of domestic animals and the uses of their products, research workers have already encountered many important problems on which conclusive experiments have not as yet been carried out.

Little information is available concerning the quality of meat from young cattle, either calves or yearlings, or of the most efficient method of producing beef from cattle of these ages. Nor is there much definite knowledge concerning the processes within the animal body while its weight is increasing.

Calves increase in body weight on less feed than do older steers. But whether the rapid increase in the calf's weight represents a more economical gain in salable meat is at present unknown.

This condition also is linked with the problem of fat formation. Fat that is often cut away from the meat is not as popular as the intermixture of fat and lean commonly known as marbling.

These and many other problems challenge scientific workers. Investigators and the public may obtain further information concerning the experiments now in progress by applying to the Bureau of Animal Industry, Washington, D. C.





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And that represents an important contribution to the economical management of business. It means that you need not be put to the expense of large investment in electrical supply stocks. It means that you are saved the cost and time in getting the supplies required because the Graybar house near you is equipped to render quick service on everything electrical—some 60,000 items.

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## Small—but VITAL

In electrically driven machines and appliances the motor is often the smallest part of the assembly... often the lightest... often the least expensive. But always vitally important in point of continuous, uninterrupted service and general freedom from attention.

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By way of proof—the majority of all household refrigerating systems in service today are equipped with Century Repulsion-start Induction Single-phase Motors. In addition, they are widely used on oil burners, house pumps, washing machines and similar apparatus.

There is a difference that makes Century motors "Keep a-Running". We will gladly tell you about it.

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1806 Pine Street St. Louis, Mo.

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$\frac{1}{8}$  to 40 Horse Power

# News of Organized Business

By ROBERT L. BARNES

HOW are the losses caused by improper business conduct to be lessened? Unjust cancellation or rejection of orders, shipments unfairly withheld, substitutions in qualities or brands, improper reductions from invoices, and the non-payment of just claims cause business men losses that cannot be collected from insurance companies.

Mr. Alvin E. Dodd, of the Domestic Distribution Department of the National Chamber, in discussing this problem, said: "There is a growing recognition of the need for elevating the standards of practice in business. This can be accomplished better by manufacturers, wholesalers and retailers themselves than by legislative or other governmental action. This feeling is reinforced by the central topic of the last annual meeting of the National Chamber which was self-regulation in business."

"Great strides are being made in this direction. The chamber's present Trade Relations Committee grew out of a resolution adopted at the final meeting of the National Distribution Conference, as the result of which the Board of Directors of the National Chamber authorized President O'Leary to appoint a Committee of representative wholesalers, retailers, manufacturers and the consuming public to urge upon and cooperate with trade associations in the setting up of Joint Trade Relations Committees within their own memberships to deal with the complaints and misunderstandings of their respective trades."

"The progress of the Committee on Trade Relations is encouraging. In order to carry out its program most effectively its activities have been divided into four major groups."

"1. Promotion of the development of joint trade relations committees within each trade and trade group, including representative manufacturers, wholesalers and retailers, for the adjustment of trade controversies and the establishment of standards of business practice."

"2. A survey of existing agencies for the regulation of trade practices to determine what progress already has been made in this direction."

"3. To serve as a medium of information for such trades or trade groups as have already set up the necessary machinery for the adjustment of disputes or the correction of unethical business practices."

"4. To cooperate with existing organizations in the development of arbitration as a method of adjusting trade disputes."

"This movement for better trade relations is a big thing in the business life of the country. It is recognition that the conference costs less than the court as a means of settling disputes; and that the ends of justice are satisfied better by the conference. It not only costs less in actual dollars paid out but also the savings made in less tangible ways are tremendous."

"Courts are everywhere crowded with commercial litigation. Costs are increased by the uncertainty of action by delays and by inevitable fees and charges incident to court action. Every dispute means lost motion, time, energy and work—the cost of which, if it could be computed, would be staggering."

"There are a large number of abuses that are not only unethical but also are wasteful. Among these classes are: unreasonable cancellation of orders, return of goods, taking discounts not earned, failure to confirm orders, unreasonable demand for concessions, salesmen making promises which the house can not fulfill, unsatisfactory deliveries, and misrepresentation by salesmen."

"Many of these abuses are due to unconscious imitation and it is necessary to discriminate between those who believe themselves forced into unfair practices to meet unethical competition and the comparative few who

would be guilty of dishonorable practices unless checked by some external means."

## Educating Grocers

IS CHAIN-STORE competition, house-to-house selling, or mail order business, bothering the grocery business in your community? This and other questions might be asked in trying to determine whether or not there is need for the Introductory Course for the Retail Grocery Business in any city. The National Association of Retail Grocers, 601 Gumbel Building, Kansas City, Mo., has prepared this course of study for the retail grocers, salesmen, wholesalers and manufacturers who are interested in the problems of the trade and their solution.

A complete and practical plan has been worked out by the Bureau of Business Training of the Grocers' Association in cooperation with the Federal Board for Vocational Education. The Bureau makes no charge of any kind for its services. The production cost of the material is \$3.75 for each person taking the course. The material consists of a set of notes, covering each topic of the course, together with a set of questions and points for discussion concerning each of the topics. It is recommended that not less than fifteen constitute a class, though the course may be taken by correspondence.

It must be remembered that education is a slow, continuous process. There is nothing spectacular about the work and to get results it is necessary that the members be determined in their purpose and ready to devote themselves to the work for a continuous period of time. As time goes along, other groups will be formed to take up the advanced work and new groups will be enrolled to continue the Introductory Course.

## Theater Tickets

AN ACCOMMODATION, probably unique, is offered by the Chamber of Commerce of the Oranges and Maplewood, New Jersey, to members of chambers of commerce throughout the United States. The plan is that by telegraph a chamber of commerce can supply tickets to any of the New York theaters within a period of an hour from the time the order is received.



The theater ticket purchaser goes to the local chamber of commerce and tells it the theater, the date and the number of tickets desired. The chamber sends a wire to the Chamber of the Oranges and Maplewood giving this information. It secures the tickets, at an advance of but fifty cents over the box office price, and wires the results to the local chamber, which collects the amount due and gives the ticket purchaser a receipt that when presented in New York secures the seat checks.

A large number of chambers are already using the service and it has proven extremely valuable. The use of the plan avoids any disappointment or necessity of paying exorbitant prices for popular productions.

## Collective Action

MERCHANTS' group activities were the subject of a course of lectures by Alvin B. Dodd of the Domestic Distribution Department of the National Chamber before the Western Secretaries at the summer school at Stanford University. Information has been accumulating in the files of the department for some time and



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Which Cannot Rust*

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Any product which has exposed metal surfaces or internal parts which are subjected to the action of water, acids, alkalies, or high temperatures can be given increased beauty, durability, and serviceability by the use of *genuine* Stainless Steel. We offer our co-operation in discovering such improvements.

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there has been a constant demand for it. The department, therefore, had collected last spring the material in a suitable form for publication but thought that it ought to be revised by men constantly engaged in the work. The summer school at Stanford gave the department the opportunity to get the benefit of the advice of men actively interested in the work. The material now gathered into four pamphlets is revised in accordance with the recommendations received this summer.

The first of the four leaflets discusses trade bulletins, information services, informal and annual meetings, credit bureau operation, and other vital subjects. The second and third are devoted to Merchants' Institutes and Training Courses for Salespeople, respectively. The fourth booklet in the series describes a wide variety of successful special sales events and is a mine of information.

Merchants who have been fighting a single-handed battle with the New Competition will find some good ideas for uniting with other merchants in an approach to the problem.

### Laundries Count the Cost

DEDICATING its manual of cost accounting to the creation of accuracy in principle and practice in the keeping of books for laundries large and small, to the control of costs and the locating of responsibility for both profits and losses, to the creation of profits from sound accounting knowledge, and to the elimination of the losses that always follow when records are inaccurate or incomplete, the Laundryowners' National Association publishes a complete and minute manual of cost accounting.

The work is complete, going into detail on double entry accounts, account relations, valuations, economic accounts, laundry forms and accounts, transactions displayed by model entries, and ledger index. It is a model manual and a credit to the compilers and editors, Galen B. Cook, director of L. N. A., and Frank E. Webner, C. P. A. and Industrial Engineer.

### Business and Schools

WHAT right has the business man to interfere in educational matters? Would he welcome the advice of a pedagogue in the conduct of his business? The answers given to these often petulantly asked questions usually deal with the various interests of the business man, as taxpayer, father, citizen, etc. But these justifications are not as interesting as the actual accomplishments of business men in dealing with school problems.

A letter from Richard D. Allen, assistant superintendent of the Providence, R. I., schools, gives an educator's point of view of this interference. To quote him in part:

About eight years ago, at the initiative of the Chamber of Commerce, the Providence public schools organized a Bureau of Research and Guidance. Since that time this Bureau has done much to "stop the leaks in the dike." Every child who leaves the school system for any reason whatever must see someone connected with the Bureau. It may be our central placement officer or it may be an adviser and placement officer in the high school. In this way we make sure that children do not leave school for trivial or unnecessary reasons, and that when they do leave school they are urged to take advantage of evening school courses, apprenticeship training, part-time trade courses and whatever other educational facilities seem to fit their special needs. The Bureau also supervises choices of studies in high schools, the grading and classification of pupils in all of





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## Keeping Stock Records for The Cleveland Trust Co. and its 52 Branch Banks

The loose-leaf books on which the young women are working are Brooks Visualizers, forming The Cleveland Trust Company's Stock and Disbursement Ledger.

On the visibly indexed, overlapping sheets, shown as part of the illustration, purchases are debited and requisitions from the main office and branch banks priced and credited.

The balances in the last column serve as a perpetual inventory of stock on hand, which checks almost exactly with the occasional physical inventory.

"A better and more compact record," says the Company, "enabling us to have instant reference without thumbing over cards in a file." The girls like the Visualizers for the con-

venience of working in the most comfortable position, and the books are within easy reach, as shown at the right in the picture.

### Used in other departments, too

Besides the nine Visualizers in the stock record the Company uses many others. Among forms filed and indexed by this convenient, time-saving method are the following:

**Auditing Department:** Line Ledger, Audit Control of Payroll.

**Collateral Loan Department:** Time Loan Tickler, U. S. Loan Tickler, Collateral Loan Record, Line Ledger, Total Line Ledger, Total Line Ledger Recap.

**C. T. Securities Co. (a subsidiary):** Mortgage Loan Record.

**Estate Trust Department:** Trust Title Record.

**Income Tax Department:** Income Tax Record Forms.

For further information about the use of Brooks Visualizers by well-known banks and other business concerns, apply to

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Book opens by tab to right series of overlapping sheets. The name, subject or number of each sheet is immediately seen.
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No walking to and from cabinets or thumbing over cards or pages.
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No expensive files or cabinets—less help required—occupies less space in office.

The only visible  
equipment with

**FLEX-SITE**  
PATENT SHIFT





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Four Short Blocks  
from

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# Bohnite

the schools and the granting of scholarships to high school pupils so that they may remain in school in spite of financial difficulties at home. Guidance in a school system is like effective personnel work in a large commercial or industrial organization which plans to make the most of each individual in its employ. It is the antithesis of mass education—an attempt to individualize education.

About three years ago the Chamber of Commerce, together with other civic clubs, undertook a study of the needs of the public schools. This study resulted in the Strayer Survey and the Strayer-Sisson school law which went into effect last December. As a result we now have a committee of seven excellent citizens in place of a committee of thirty-three; complete control of our school finances, with 35 per cent of the city's revenue guaranteed; and complete control of our school building program.

This we owe directly to the Chamber of Commerce and the civic clubs which took part in the study of the situation and the consequent campaign for the enactment of the Strayer-Sisson Bill.

I am writing this because I feel that the Chamber of Commerce of the United States should know of the splendid assistance which has been rendered to the public schools of Providence by the Providence Chamber of Commerce.

In the June issue of NATION'S BUSINESS in this department there was an account of the effective work done in Cleveland. It would be interesting to know what other Chambers of Commerce have done along these lines.

### The Bonus Again

WITH reference to the matter of giving bonuses to new industries, the manager of the Industrial Board of the Chattanooga, Tennessee, Chamber of Commerce writes:

I have been director of this department of the chamber for eleven years. I have had authority all the time to omit taxes for a worthwhile industry for a five-year period. I have never used it. If the industry is worthwhile they will not object to paying the small amount of taxes necessary to give their plant those things which make any location valuable to them. Just now there is a great demand for locations which will provide from 33 to 40 per cent cash; the principals putting up some used machinery and a small bit of cash and thus securing control. In the past year a half dozen such propositions have been offered to this department. We thought so little of them that I did not even refer them to my committee. It is my experience that any concern demanding a bonus or demanding that the major part of the financing shall be done by the people in the location selected, while the promoters still substantially control the voting stock of the company, is not the type of concern you care to risk your money with. There may be rare exceptions. As a matter of fact, they have never come my way. About one in five of these hothouse plants can weather a short drought, and a concern that is worthwhile and locates its plant on a bonus will need another bonus, and still another, if they keep their nose above the water.

### How to Park

ENFORCEMENT of regulations forbidding parking before 9 a. m. in downtown business zones has helped eliminate all-day parking by office workers, professional men and others who selfishly use the busy downtown sections as a private garage, according to the National Association of Retail Secretaries' bulletin. The item goes on to point out that the enforcement of such regulations will go far toward cramping the style of the all-day parker, facilitating the delivery and loading of merchandise, and helping the handling of the heavy morning traffic. It will also make parking space available

Maple Falls, Mizushima  
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## \$750 to Manila and return

SAIL from San Francisco for Honolulu, Yokohama, Kobe, Shanghai, Hong Kong and Manila, returning the same way. Or return direct from Japan to Seattle via the Admiral Oriental Line. Liberal stopovers. Palatial President Liners. Outside rooms with beds, not berths. A world famous cuisine. A sailing every Saturday from San Francisco (every fortnight from Boston and New York for the Orient via Havana Panama and California).

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An estate of a thousand pine-fragrant acres. A setting of matchless scenic loveliness in the heart of the Finger Lakes country. A justly famous cuisine, with private Dairy and Poultry farms. A daily concert program. Visit "The American Naueim" this fall—and take off ten years!

The Baths and other treatments are especially suitable for heart, circulatory, kidney, nutritional and nervous disorders, rheumatism, gout, and obesity. Complete medical and hydrotherapeutic facilities, and modern aids to diagnosis. Write for illustrated booklet and special winter rates.

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WATKINS GLEN - NEW YORK  
WILLIAM E. LEPPINGWELL, President



to those who have temporary business downtown after 9 a. m.

There is also, according to the bulletin, a definite need for parking space in the downtown zone from 4 to 6 p. m. There is a heavy transient business occurring at this time and to eliminate parking at this time causes a definite hardship.

A little definite information on the problem of parking is provided by the experience of the Broadway Department Store of Los Angeles reported in the Retail Secretaries' bulletin. A count was made of the 20,117 customers that came to the store during the day. It showed that 87 per cent came on the street cars, 10 per cent in automobiles, and the other 3 per cent walked or came in buses.

### Five-year Expansion Program

THE industrial expansion of Kansas City, Mo., is the object of a five-year plan worked out by the local Chamber of Commerce. As outlined the plan provides:



an industrial expansion program for five years; a budget increase of nearly \$300,000 for the chamber, making a total of \$450,000; an expenditure of about \$35,000 for an industrial survey; a high-salaried man to manage the workings of the plan and to supervise the Chamber's activities; and a yearly advertising program of \$150,000.

It is planned to have outside experts from the Department of Commerce make the survey, which will be kept up to date. Any industry will be able to get full and authoritative information, probably fuller than by making a survey itself. Besides the work of getting industries to locate in Kansas City, there will be attention given to the enlargement of markets for locally made products. The small manufacturer will get greater distribution. Another angle is the plan by which manufacturers who wish to expand their plants and bankers will be brought together.

In spite of all the new work that carrying out present plans will entail, the chamber will not cut down on its present activities.

### Coming Business Conventions

(From Information Available October 20)

Date	City	Organization
1-3	Chicago	National Association of Amusement Parks
2	Boston	New England Street Railway Club
2	New York	American Acceptance Council
2-3	New York	Toy Manufacturers of the U. S. A., Incorporated
2-3	Seattle	Tenth Annual Shingle Congress
7	Chicago	American Association Creamery Butter Manufacturers
7	New York	Insurance Federation of America
7	Washington, D. C.	Short Line Railway Association
7-9	Tulsa	American Petroleum Institute
7-8	Washington, D. C.	National Board of Steam Navigation
7-8	Pittsburgh	National Glass Distributors Association
8	Cleveland	American Malleable Castings Association
8	Barre, Vt.	Granite Manufacturers Association, Incorporated
8	New York	Lined Association
8	Chicago	Wholesale Sash and Door Association
8-9	Chicago	National Association of Piano Bench and Stool Manufacturers
8-9	Washington, D. C.	American Short Line Railroad Association
8-10	Pittsburgh	Coal Mining Institute of America
9-10	New York	Association of Life Insurance Presidents
2nd Week	New York	Insecticide and Disinfectant Manufacturers Association
14	New York	American Fur Merchants Association, Incorporated
14-15	New York	Metal Bed and Spring Bed Institute
16-17	New York	National Association of Brass Manufacturers



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SUCH changes affect the way you should invest. If you do not consider them, your money will fail to do its best for you.

NEW personal conditions, if not met, may cause your income to fall off unnecessarily. You may run into needless new risks. You may miss good investments which were unsuited to your former plans and circumstances.

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THIS is a wise precaution; it is part of our daily work to study and deal with the effects of such personal factors on investments.

WE CAN often suggest changes which protect net interest, and decrease bother—without sacrificing proper investment balance.

WITH a background of one hundred and fourteen years' financial experience, The National City Company has equipped itself to study and meet individual investment problems.

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YOU may get in touch with a representative by addressing The National City Company, 55 Wall St., New York, or by visiting our office in your city.

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**YOUR MEMORIAL  
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Meets every figuring need. Adds, subtracts, multiplies and divides with all factors visible at end of calculation.

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On our 20 lb. Paramount Bond  
A Beautiful, Strong, Snappy Sheet  
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LITHOGRAPHED ENVELOPES TO MATCH  
\$1.50 PER THOUSAND IN 25,000 LOTS

# Recent Federal Trade Cases

Copies of the Commission's complaints, respondents' answers, and the Commission's orders to "cease and desist," or of dismissal may be obtained from the offices of the Federal Trade Commission, Washington, D. C., without charge by reference to the docket numbers. Transcripts of testimony may be inspected in Washington, or purchased at 25 cents a page from the official reporter, whose name is obtainable from the Commission.—Editor's Note.

**A**PPROXIMATELY 100% of the Men's Size Watch Case and 80% of the Ladies' Size Watch Case manufacturers were directly or indirectly represented at a Trade Practice Conference held for the Watch Case Industry in New York City. At a conference held in 1923 this industry had agreed to abandon the practice, among others, of stamping the words "gold filled" or "gold plated" on watch cases which contain thicknesses of gold less than 3-1000 of an inch on the outer surface and less than 1-1000 of an inch on the inner surface thereof.

Since then certain firms sought to avoid this agreement by using terms which heretofore had not been applied to watch cases, namely, "rolled gold" and "rolled gold plate." On these they stamped a carat mark indicating the fineness of gold, although such cases contained less gold than the standard agreed upon. As a consequence watch cases containing approximately 3 cents' worth of gold are being stamped "14 karat gold rolled" and so advertised and sold to the public.

This amount of gold adds little or nothing to the utility of the watch case. It merely furnishes the semblance of an excuse for using the word "gold" and for using a mark indicating carat fineness. The effect is to give the ultimate purchaser an impression of quality and value far greater than exists in such watch cases.

These facts were clearly established by discussion. The conference adopted resolutions condemning the use of the word "gold" and also the use of marks indicating carat fineness of gold in marking any watch case not measuring up to the standard previously agreed upon.

**P**UBLICATION is made from time to time by the Commission of statements of rulings where the practice complained of and found to be unlawful has been discontinued by stipulation and without the formal issuance of complaint.

Stipulation 26 was entered into by a manufacturer of cereal products. In the course of his business he manufactured a "Pancake Flour" and a "Waffle Flour." In his advertising he stated that this flour was "All Wheat—It Keeps." He further represented that this flour had no corn meal or other substance that attracts little bugs and worms that get into many cereals in the summer time. He made various representations that corn flour does not keep well and has a tendency to attract bugs and worms, when in truth cereals manufactured from corn flour have no greater tendency to attract bugs and worms than do cereal products manufactured from wheat.

**A** MANUFACTURER of a chemical compound which it defined as "shellac" entered into Stipulation 27. In the course of his busi-

ness the respondent described his product as "Strictly Pure, cut with 190 proof specially denatured alcohol," "the Perfect Shellac" and similar phrases. The truth is that the product so labelled and sold was not compounded or manufactured wholly of genuine shellac gum dissolved in alcohol, but was compounded with ingredients other than contained in the product known to the trade and purchasing public as "Shellac."

**S**IMULATING engraving was the unfair practice with which Stipulation 28 dealt. The respondents, a copartnership engaged in printing stationery, were able through a chemical process to imitate engraving. The respondents advertised this process as "Handgrav." They agreed not to use this word or any other, as a description of this process, which might have a tendency to confuse said product with engraving.

**P**ROCEEDINGS before the Federal Trade Commission, or related to its activities, for the month, are reported here. The most significant items are:

Watch Case Trade Practice Conference held. Use of term "rolled gold" condemned.

The word "fashioned" not to be used to describe "seamless" hosiery. "Shellac" must be genuine shellac gum dissolved in alcohol.

Advertising hair remover which does not remove, forbidden.

**T**HE respondents in Stipulation 29 were a copartnership engaged in the sale and distribution of hosiery in wholesale and retail quantities. In their descriptions of certain hosiery they represented it as "fashioned" when in fact it was not "fashioned" hosiery, but was hosiery known to the trade and purchasing public as "seamless."

They also represented certain hosiery as "Thread

Silk with Art Twist" when in fact the boot of this hosiery was not composed entirely of silk produced from the cocoon of the silk worm but was composed also in varying quantities of fabrics and materials other than silk.

**M**ARKING and advertising necklaces at a fictitious price was the subject of Stipulation 30. The respondent in the course of his business advertised and marked boxes in which the product was sold with the words and figures "Price \$50.00" when in fact this was not the price at which the respondent expected the product to be sold nor did it sell at this price. This practice, according to the Commission, may have the tendency to mislead and deceive the purchasing public into the erroneous belief that the product is intended to be or is sold at the fictitious price.

**A**CLEVELAND, Ohio, firm is named in a Cease and Desist order of the Commission. Under the findings the company manufactures under a secret formula a compound for use in softening and rendering rubber more resilient. The company designates its product as "Liquid Rubber" when such is not the fact.

This practice, continues the findings, has the capacity and tendency to mislead and deceive purchasers by causing them to believe that the compound is composed of rubber, thereby diverting trade from competitors of the respondent who truthfully designate and describe their products.

**N**OT getting at the root of the matter is the cause of a Cease and Desist order issued by the Commission against a New York City firm. (Docket 1306.) This firm manufactured and sold by mail two preparations for which the claim was made that they destroyed hair follicles and brought about a permanent removal of superfluous hair. The fact is that this Hair Remover is a barium sulphate compound and





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"Mechanical Painting for Maintenance" is the title of a 12 page booklet that will answer many of the questions you want to ask about your painting problems. We will gladly send it to you.

W. N. MATTHEWS CORPORATION  
3758 Forest Park Blvd., St. Louis, U. S. A.

# MATTHEWS MECHANICAL PAINTING EQUIPMENT

functions as a depilatory when applied to the growth of hair upon the human body, but will have no effect upon the hair follicle or root, and hair will grow out again as quickly as if it had been removed by a razor. The composition of the other lotion is known to the medical profession as spirits of camphor with one per cent of ammonia added, and will not do any of the things that are claimed for it in the respondent's advertisements.

TWO paint companies of Louisville, Kentucky, were directed by the Commission to discontinue certain unfair practices in connection with the marketing of their products. It was found that the respondents designated their paint as "Regulation Paint" and "Camp Mixed Paint." The label on the "Regulation Paint" also contained a shield similar in appearance to the shield of the United States Government.

This paint, after being so marked, was sold to the public by the Army and Navy goods stores as "government goods," "Army and Navy Surplus Stock," "Genuine Regulation House Paint" et cetera, creating the impression that the paint so labelled was war surplus and manufactured in accordance with government specifications, when the fact is that the respondent's paint was deficient in basic lead carbonate, basic lead sulphate and zinc oxide, and contained an excessive amount of water.

It was further found that the quart, half-gallon and gallon cans used by the respondents did not contain such full quantities and purchasers of the products were led to believe that they were purchasing full measure when such was not the fact. (Docket 1293.)

A FIRM in New Orleans was ordered by the Commission to discontinue certain false and misleading advertising and representations in connection with the sale of chamois leather and sponges. It was found that the respondent used on his business stationery and literature statements that would make it appear he was a manufacturer and producer of chamois leather and sponges.

According to the findings such statements were false. The respondent having no connection, financial or otherwise, with a chamois tannery or any vessel engaged in sponge fishing. Such statements, according to the Commission, misled and deceived the purchasing public into the belief that by dealing with the respondent advantages could be had in quality and price which could not be obtained from dealers who purchase the chamois leather and sponges which they sell. (Docket 1267.)

COMPLAINTS issued by the Commission may be dismissed for various reasons. The following complaints were dismissed during the month of October:

A furniture dealer in New York City was charged with selling, as mahogany, furniture which consisted wholly of wood other than mahogany. (Docket 1341.) The case was dismissed because the company is now in process of liquidation.

In the order of the Commission dismissing a manufacturer of screen wire cloth (Docket 1298) the right to reinstate the case after an authoritative interpretation of Section 7 of the Clayton Act is reserved. The company was charged with having acquired the entire capital stock of a competitor.

Two respondents were cited in Docket 1216 who since have gone out of business.

Charged with marking its product with fictitious and exaggerated prices in order that the vendees in selling them at the regular retail prices might create the impression that the pens were of unusual value at the price sold, a New York firm manufacturing pens and pencils has had its case dismissed. (Docket 1366.)

The charge against a New York firm is that it contracted with foreign customers to deliver first-class new automobile chassis, and that through negligence or collusion it substituted for the goods ordered second-hand, inferior or worthless goods. The case was dismissed. (Docket 1044.)

## EXECUTIVE CONTROL of Power Costs

C-40

FOR twenty years the Fuel Engineering Company of New York has been working with industrial and public utility executives to the end that power costs might be more definitely controlled.

Ninety-five per cent of these companies renew their contracts every year—for steam generation is a problem that faces new facts each year, and so its control is a continuous process. It can not be solved once and for all.

In relation to power plant investment, improvements, methods and costs the Fuel Engineering Company is serving as executive counsellor, while also acting as advisor in coal selection and providing executive superintendence of boiler room methods.

Its services are supplementary to clients' organizations—bringing to bear on each problem the accumulated experience of twenty years of specialized training, an unequalled fund of practical data, the most complete coal records in the world, and thorough mastery of economical steam generation.

Executives interested are invited to write for details

**FUEL ENGINEERING COMPANY**  
of NEW YORK

Consulting

Fuel and Power Engineers

116 EAST 18th STREET  
NEW YORK

C-40

ESTABLISHED 1907

## "I consider Nation's Business indispensable,"

says Carl R. Gray, President of the Union Pacific System. In a recent letter, he writes:

"It is no longer possible to be good business men, and be *only* business men. We must study business from a nation-wide viewpoint if we are to do the job. It is because Nation's Business helps in this—helps so very ably—that I consider it indispensable."

Nation's Business is read by men in big business and by men big in business. If your advertisements are intended to reach such an audience, write today to our Advertising Department for details.

**NATION'S BUSINESS**

WASHINGTON, D. C.



## Prices in World Markets

**L**AST month, NATION'S BUSINESS published a symposium of opinions on the farm situation. The views were given in answer to a letter sent out by President O'Leary asking men engaged in commercial, industrial, and agricultural businesses what they thought on certain important questions brought out in connection with recent farm discussion.

One of the questions dealt with the production of exportable agricultural surpluses. Mr. O'Leary asked if it was sound national economics to produce for export or whether we should limit production for domestic requirements only?

The almost unanimous opinion of the more than sixty men that answered the letters was that American farmers should produce exportable surpluses providing prices allow them profits.

Another question in the same letter asked what are the price determinants for a crop. Does world price or domestic supply and demand set the price at which agricultural products are sold? It was the general opinion that world prices affected only those crops in which we had exportable surpluses.

### Foreign Market of Farmers

**F**URTHER facts on these two questions are presented in a pamphlet published by the Foreign Commerce Department of the National Chamber entitled "Prices of Agricultural Exports." In the introduction it is pointed out that the figures of export trade give little substantiation to the assertion that Europe, or Liverpool, sets the price for American farm products. The introduction goes on to state: "At times the American farmer finds it distinctly profitable to grow rye specifically for the European market."

"American lard and other pork products are so firmly established in the European market and are so much in demand there that the advice to the American farmer not to produce for that market is as absurd as would be the advice to the market-seeking American shoe manufacturer not to sell shoes abroad."

### Complexity of Price Factors

**I**T IS VERY easy to assert glibly that the American producer is at the mercy of the market operator in Europe, but the students of international commerce would be slow to generalize in that fashion.

"Prices are established on commodities of international production and demand by a variety of factors working concurrently. At times production in the United States is the outstanding price factor; at times production in other world-market producing countries is the outstanding price factor; and at still other times a crisis in the European buying markets most sharply affects the price level."

"Recently when the American farmer was being assured that Liverpool was fixing the market price for American wheat, eminent British authorities were reporting that the British wheat prices were dependent on the American market."

This publication takes up the price movements in wheat, rye, corn, cotton, lard, bacon, and hams. It is a story of interest and the study of these figures can not help but throw light on many of the assertions now made in regard to prices.

## DOES BANKING SERVICE MEAN BUSINESS SERVICE TO YOU?



**H**OW MANY business men accept the traditional view that a bank is merely a depository and lending institution and, as a consequence, obtain for their organizations only a limited degree of service?

Hundreds of our clients know that our extensive facilities and the counsel of our officers are constructive factors in their businesses. We invite executives to let us prove this to their satisfaction.

## Guaranty Trust Company of New York

140 Broadway

NEW YORK

LONDON

PARIS

BRUSSELS

LIVERPOOL

HAVRE

ANTWERP





## SPRAY PAINT

**Your Factory Walls  
It Costs Less!  
Lasts Longer!**

**Q** With a Binks Spray outfit, any inexperienced hand can cover a thousand square feet an hour!

**Q** You save 60% to 80% of the cost of Brush-and-Pail methods!

**Q** The force of the spray enters cracks and crevices a paint brush never can reach. All surfaces, brick, weather-worn wood, corrugated metal and stucco, all look alike to the fast penetrating spray of a Binks Spray Gun.

**Q** No paint crews to tie up or hamper production. One Binks Spray operator will do the work of an entire brush-and-pail crew—in less time—at a lower cost—and a better job!

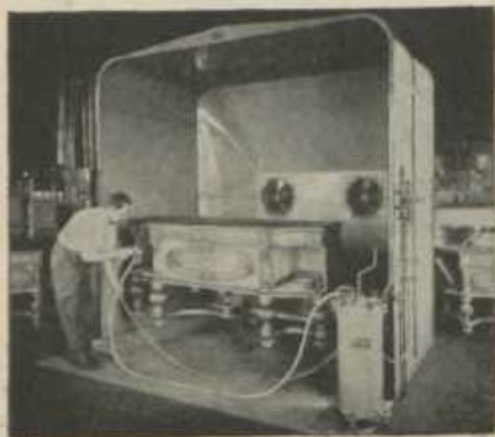
**Q** Binks Portable Spraying Equipment will more than pay for itself. An investment that will earn dividends for years to come! Write for details.

**BINKS SPRAY  
EQUIPMENT  
COMPANY**

Dept. M, 3128 Carroll Ave. Chicago, Ill.

Established 1898—Offices in Principal Cities

Manufacturers of wood and metal products will profit by our bulletin on Spray Finishing. Write for a copy today.



## Chips from the Editor's Work Bench

**I**N AN AGE when transportation offers a variety of choice for most purposes, for the celebration of Christmas only reindeer and sleigh will satisfy the traditional requirements of gift distribution. Reindeer there are aplenty, and vehicles in character with the Christmas festival are still manufactured in considerable quantities, though the biennial census of manufactures reveals that only 1,878 sleds and sleighs were made in 1925, compared with 2,555 in 1923, a decrease of 26.5 per cent. Shrinkage in the value of these products was even more

forts and conveniences of our highly organized civilization.



severe, for it dwindled in two years from \$100,000 to \$62,000—a decline of 38 per cent. Whatever these statistics may signify to the world of business, to the simple faith of childhood they can argue no heresy against the benevolent saint of Christmas, for Santa Claus "lives, and he lives forever." Immortal himself, that quality immortalizes his reindeer and his sleigh. They, too, will endure.

**W**ITH radios, automobiles, movies and other instruments of enjoyment and education in common use throughout the nation, pride in our well-advertised standard of living is put in a way of revision with the assertion of the president of the General Federation of Women's Clubs that more than 40 per cent of our smaller towns are without public water and sewer systems, and without running water in houses.

Mrs. Sherman was addressing the members of the Central Supply Association in Chicago when she made that statement, and she amplified it with saying that of the total number of towns included in a survey made at the Federation's direction—some with populations of 10,000—more than 8,500 lacked all or some of the modern essentials of sanitation, and more than 4,000 towns with populations under 5,000 have no public water supply. These towns include more than a million homes, and the housewives in them must carry annually more than 20,000,000 tons of water from wells to houses. To Mrs. Sherman's mind,

The amazing and dismaying thing is the revelation that the primary essentials of efficient home-making—running water—and the fundamentals of household sanitation—proper sewage and drainage disposal—lag so far behind the march of progress.

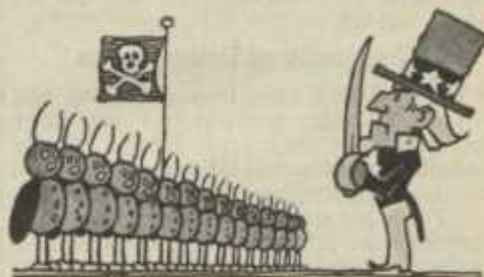
Of course the club women are in no sense arguing for fewer automobiles, radios, or movies, but they do plead eloquently for inside toilets, bath tubs, laundry tubs, and central heating plants in more American homes. To level up the low places in the national progress is a worth-while job. Certainly the federated club women have done wisely in pledging their cooperation toward abolition of a pioneer standard of living which somehow prevails despite the com-

**W**ITH all the diversions and distractions of this restless age, there is a reasonable wonder among the laity about the state of "the lodge business"—a curiosity beyond any concern about its efficacy as an excuse to get away from home. One informative index to the health of fraternal organizations is the production of "regalia, badges and emblems," as reported in government figures. For 1925 the total value of these products was \$9,625,018, and for 1923, \$10,585,846, a decrease of 9.1 per cent. The average number of wage earners in the producing plants diminished from 2,146 to 1,992, though the number of factories increased from 84 to 85.

The figures suggest that the love of ceremonial and panoply is still an active American characteristic, though it may not be so well advertised as in an earlier day. The time was not so long ago when gentlemen with political ambitions displayed the names of organizations to which they belonged on their "business" cards. And lengthy and impressive were some of the lists. If any space was left, it was used for the candidate's picture—usually showing him in a glossy silk hat with a slight list to starboard. Those were the glorious times when men worked all day and stayed out all night to become the champion "joiner."

**N**ATURE'S embarrassing bounty of cotton just goes to show the stupid perversity of the boll weevil. Through years of thick and thin the South has kept him in bed and board, and then with opportunity for a great public service ripe before him, his appetite becomes whimsical and he has no stomach for his job. Well, it may be that the weevil is fed up on cotton, but the bitter consequence is a surplus that has confounded pessimists and bewildered economists.

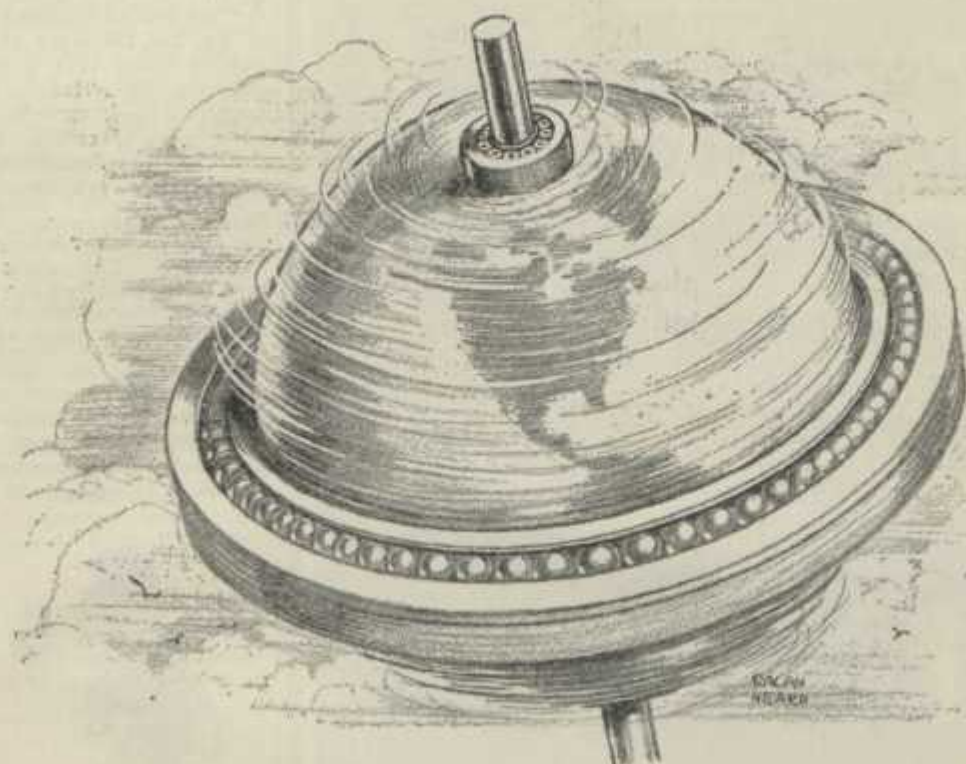
Plainly, the weevil has been coddled too much. True the lethal douches devised by drudging scientists have carried a measure



of discipline, but a defiant apathy to the best interests of agriculture is still apparent in representative weevil communities. And so with other plant parasites. If the country must support a leisure class of bugs let them be regimented, Prussianized if need be, and trained to take up wings in their country's cause.

At first sign of a glut, well-drilled battalions of weevils, potato bugs, chinch bugs, Hessian flies, gypsy moths, Japanese beetles and corn borers could rally round a crop threatened with a surplus, and thus spare the country the depressing spectacle of a severe sag in prices. Just as important as what a bug eats is when it eats it. If science really wants to do a good turn, it will bring up





## Bearings and Grinding —world efficiency and high speed

The world's precision machinery and fast-moving vehicles depend for their efficiency and speed on ball and roller bearings.

Frictionless bearings by the millions are being produced in great plants employing thousands.

One of the major production operations—one that has made ball and roller bearing accuracy possible—is "grinding." Batteries of Grinding Machines are to be found in every ball and roller bearing plant.

Many of these plants are equipped with Norton Grinding Machines. Many of them use Norton Grinding Wheels and Alundum Polishing Abrasives.

NORTON COMPANY

WORCESTER, MASS.

# NORTON

Grinding Wheels  
Grinding Machines



Refractories—Floor  
and Stair Tiles



*These photographs  
were taken exactly  
3 minutes apart!*

AMERICAN BLOWER COMPANY  
Detroit-USA

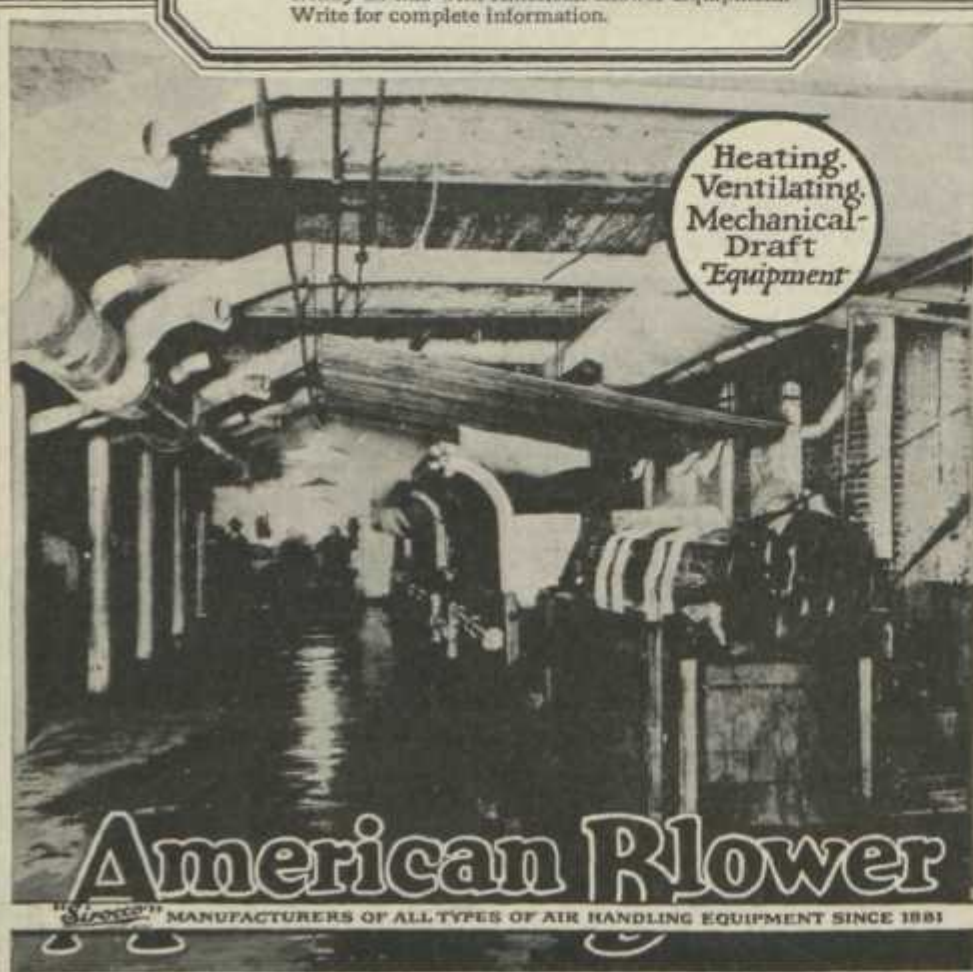


**Above**—Dye house with American Blower Ventilation turned off.

**Below**—Same room exactly 3 minutes after starting American Blower Ventilating Equipment. Your ventilation can be cared for as easily, quickly, and efficiently as this with American Blower Equipment. Write for complete information.

(574)

Heating,  
Ventilating,  
Mechanical-  
Draft  
Equipment



**American Blower**

MANUFACTURERS OF ALL TYPES OF AIR HANDLING EQUIPMENT SINCE 1881

new generations of bugs with a more active regard for the economic proprieties.

EVIDENCE is plentiful that brevity is the soul of women's clothes, as well as of wit, but the word of a retiring ragman fortifies belief that a good many of the designers have taken Missouri's famous slogan for their creative inspiration. After forty years of calling "Rags, old clo', old clo'" to the housewives of Westchester county, New York, the collector reports,

They don't wear enough clothes, these women, and men use their white shirts to polish their automobiles. This means less rags, and we have to go to Europe for them. The demand of paper manufacturers is so great that it can be supplied in no other way.

Against this rag famine the provident collector made wise provision. In the days when bustles were prominent, and petticoats were heard, if not seen, he laid up a competence for the lean years. But despite the scantiness of clothes and the dearth of rags



from their dissolution, there is still a profit in making waste. This waste is used for wiping machinery, and for packing journals of car wheels and of heavy machines.

According to census figures for 1925, the 104 establishments engaged primarily in preparing purchased waste of cotton or other fiber, and in the production of wiping rags and oakum, reported products valued at \$38,934,248, an increase of 15.5 per cent, compared with \$33,700,725 in 1923, the last preceding census year. During the same period the number of plants increased from 88 to 104, and the number of wage earners from 2,745 to 3,030.

It is all very well to campaign for the elimination of waste in industry, yet it is quite plain that a considerable amount is necessary to keep the industrial wheels turning. Ragmen may retire, but rags will be needed always.

ANOTHER international complication was cranked up and set agoing by the Right Reverend Arthur Foley Winnington-Ingram, Lord Bishop of London, when he told members of the Pilgrims of the United States that school children in this country are taught to hate England. From a tour of the Middle West he got a variety of impressions, and of them he talked to members of the society, which gave a dinner for him in New York. On his travels he conversed with children, several of whom, he said, told him they got their lessons in hate in the schools. Much disturbed, the good bishop thinks "something should be done about it."

Well, if it is as he fears, it is too bad. True, from the lips of school children "America" may seem in British ears to do no reverence to "God Save the King," but a man who pokes about the Riley country is fairly sure to come upon "gobble-uns" of one sort or another, and out there the wind



goes "who-oo-oo" most of the time, keeping good folks uneasy and politicians atremble.

Now, in New York state, had the Bishop looked a little more closely, he could have seen Anglicization competing with Americanization for the favor of the young idea. Right in the capital of that modern empire a great retail store is offering "boys' English clothing"—suits from "a Bond street house whose very name is hallmark enough for boys attending Harrow, Exeter, Eton or other famous schools," and overcoats, too.

Is it to be contended that cloth from British looms would infect the wearer with hatred of Britain? Are the "blazers" on the backs of dew-faced boys, and the "shorts" on their small shanks a vaccine of international enmity?

Even a bishop should know that the secular materials for hate are manufactured of sterner stuff.

**N**OW, that the election returns are all in, what better Christmas gift for disappointed candidates than that reprint from the *Journal of the American Society of Agronomy*—"The Better Utilization of Straws"?

**T**O BELIEF that apparel oft proclaims the man can now be added the article of faith proclaimed by the Hon. Frank Kean through the *Cincinnati Times-Star*—

The suspender is a symbol of all great Americans. Its restoration means the restoration of all true and simple ideals.

A straightforward creed that is, but a literal reading would seem to excommunicate all but the "one gallus" elect. Has the "two gallus" convert a less regard for uplift? Or is it to be argued that the belt is restricting all that is warm and vital in American life?

For the doubtful and perplexed comes a timely government report on "Suspenders, garters, and other elastic goods." Among its many items is one on the increase in the total value of the products—from \$24,297,342 in 1923 to \$27,504,028 in 1925. Those official figures assure that suspenders are "restored," and that they continue to uphold dignity and propriety in the best American tradition. Suspenders, if at times invisible, are still among the most favored means of support.

**P**ICTURES transmitted electrically will be no novelty to the rising generation, and the newspapers of a later day probably would not see in them the substance to extol their enterprise, though in our own times "television" is still an interesting measure of mechanical progress. If the practice becomes general, good, bad, and indifferent faces will go rocketing through the ether, each with its own distinctive sound, an expert says—Smith's features may cleave the air with a businesslike buzz, and Brown's go sifting through space with a sonorous hum.

Possibly some sort of traffic control would be needed to avoid head-on collisions—smooth and perishable faces, say, having the right of way over rough and heavy faces. Under any system of control, faces possessing a "voice with a smile" would be in a fair way to rule the waves. But whatever the future of "television," it gives opportunity to make present action of the speech of Pyramus,

I see a voice: now will I to the chink,  
To spy an I can hear my Thisby's face.

—R. C. W.



*Aeroplane  
Parts*

One of a series of advertisements illustrating the many uses of Union Drawn Steels.

**UNION DRAWN STEELS**  
are made in a variety  
of special shapes that  
have developed impor-  
tant economies for  
many of the nation's  
leading manufactur-  
ers

**UNION DRAWN  
STEEL COMPANY**  
*Beaver Falls, Pennsylvania*

*When writing to UNION DRAWN STEEL COMPANY please mention Nation's Business*



### To officers of corporations

The Equitable acts in the following corporate trust capacities:

1. As trustee under mortgages and deeds of trust, securing bonds of railroad, public utility and industrial corporations.
2. As transfer agent and registrar of stock. (In the transfer of even a single share of stock there are thirty-five separate steps. Each one of them is vital to a proper transfer; if a single error is made confusion, loss of time and expense will result.)
3. As depositary under protective agreements or under plans of reorganization of railroad, public utility and industrial corporations.
4. As agent and depositary for voting trustees.
5. As assignee or receiver for corporations under action for the protection of creditors.
6. As fiscal agent for the payment of bonds, and coupons of states, municipalities and corporations.

Send for our booklet, *Schedule of Fees for Corporate Trust Service* or, without incurring any obligation, consult the nearest office of The Equitable with regard to any of the services rendered by our Corporate Trust Department.



## Mistakes in stock transfer *are costly*

A corporation was held liable for transferring stock in the name of a minor, without securing evidence of the authority of the guardian.

The result—much litigation, loss of prestige and the loss of a customer yielding the firm several times the annual cost of Equitable Stock Transfer Service.

Read the column at the left . . . then send for our booklet, *The Equitable Trust Company—Transfer Agent.*

### THE EQUITABLE TRUST COMPANY OF NEW YORK 37 WALL STREET

MADISON AVE. at 45th ST. 247 BROADWAY  
MADISON AVE. at 28th ST.

#### District Representatives

PHILADELPHIA: Packard Building  
BALTIMORE: Keyser Building,  
Calvert and Redwood Sts.  
CHICAGO: 105 South La Salle St.  
SAN FRANCISCO: 485 California St.

LONDON • PARIS • MEXICO CITY

Total resources more than \$450,000,000

## Chamber Members Consider Taxes

IN TERMS of the "1913 dollar" the total of all taxes increased nearly two and a half times during the period 1913-24. Since 1890 federal taxes have increased eightfold, state taxes elevenfold and local taxes ninefold. That is, at the beginning of this period 875 millions were collected as the aggregate taxes of all jurisdictions while the total in 1924 was 7,907 millions. During the war taxes naturally reached their maximum, to be followed by a decline until 1923, when they again began to increase. Since 1922 state and local taxes have been considerably in excess of those levied by the Federal Government, a condition existing before the war. The product of one hour out of every eight worked goes to pay taxes.

These facts are emphasized in connection with Referendum 49 soon to be voted upon by members of the National Chamber.

Twelve times in the last nine years federal taxation has been studied either through a referendum of the membership or a report to the annual meeting of the National Chamber. It has become apparent that activity in the field of national taxation alone is not sufficient. So this new study, the thirteenth, attacks the problem as a whole, dealing with the relationship of federal, state, and local taxes, the forms state and local taxes should take, and questions of state and local expenditures.

### Variation in Systems

IN UNDERTAKING the study, the committee has been fully aware of the difficulties. States vary widely in their commercial and industrial developments and also in the modernism and wisdom of their tax systems. Nor can a system suited to one state always in all its detail be applicable to another. This is even more true in regard to counties and municipalities. There are, however, questions of more general nature that permit extensive rather than intensive treatment.

Politically there are 48 states but economically there are no such divisions. Commerce and industry are no longer localized. The political organization of the country which was just and suitable to the conditions in 1800 is now working serious harm to our national economic life. Multiple taxation is an example of one of these disabilities under which business labors. Political fundamentalism is proving expensive. Intelligent self-interest demands that each state and locality maintain a reasonable and equitable tax policy.

In attacking the problem of the general property tax, it is pointed out that the rate on intangibles is so heavy as to take an excessive portion of the usual income of the intangible property. If the tangible property is also levied upon, it results in double taxation. It is more just to tax such property on the basis of the annual earnings in lieu of any other taxes on the property. Under the present system, high taxation often results in the owner changing his domicile and taking the property out of the state. This means that the cost of money is raised and that the source of taxation itself is removed.

In 1923 out of every four dollars of net profits earned by corporations, one dollar was paid in taxes. During the same year, taxes equalled approximately 60 per cent of the amounts paid to stockholders in the



form of cash dividends. This statement shows the burden of taxation on all business but study of the figures for specific industries shows that the property tax unfairly burdens industries that have large land investments. This tax makes them pay a larger proportion of the tax returns than do other businesses that do not require large land investments.

Corporations are now taxed by more numerous jurisdictions than any one other object of taxation. Since practically all business is done under the corporate form of organization, it would be impossible to make specific recommendations on the subject, for what would be a suitable system for public utilities would be unfair to mining, or that system suited to banking would be injurious to agriculture.

### Overlapping Tax Districts

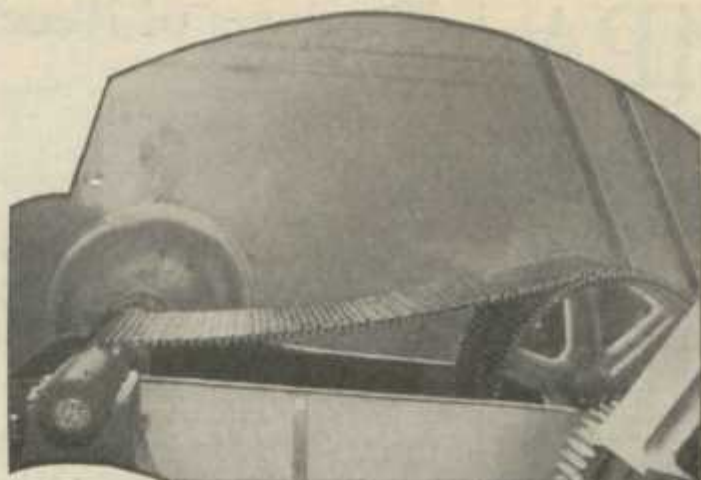
IN MOST states the fixing of territorial boundaries of local taxing units has been of an evolutionary growth though a limited number of attempts have been made at systematization. As governmental functions increased, new taxing units were created to effectuate some specific object. The result is that there has grown up in most states an almost innumerable number of public corporations with power to tax, such as cities, counties, townships, school districts, park districts, sanitary districts, drainage districts, and numerous others for specialized purposes. It is reported that in one city alone there are twenty-three separate public corporations with power to tax.

The territorial limits of these taxing units inevitably overlap with resultant confusion and inequalities. Moreover, since each has an independent statutory right to tax, there is no agency to correlate them or bring them into harmonious relation with one another, and it becomes exceedingly difficult to envisage them as a whole. The tax that any one levies may be reasonable, but the aggregate total which is levied on any one piece of property by the numerous taxing authorities may be excessive and at times approach confiscation. Not only may it be excessive, but it may seriously handicap one piece of property as compared to another in a different location but used for the same purposes since there is no systematic arrangements of territorial limits of these independent units. To bring about a systematization of these units is a colossal task.

The Referendum, after studying these big problems of the collection of property and personal taxes, goes on to study how the money once collected should be spent.

How can a more thoughtful system of expenditure be worked out? Home rule and state assistance to its local political subdivisions are not incompatible, and there might be great advantages in establishing closer cooperation between these two agencies. Wouldn't it be wise to have a central body that could, upon local petition, review budgets, bond issues and rates of levies? Such a body would be invaluable as an agency for collecting statistical material regarding tax levies and expenditures. It could help install budgets and accounting systems; it could give aid on technical subjects.

These are just a few of the problems that are being studied by the Taxation Committee, and some of their ideas are presented in the report on Referendum 49. It must be remembered, though, that money is now spent by the different political subdivisions for objects which in 1890 were not considered as proper for the expenditure of tax receipts.



Morse Silent Chain Drive at Certain-teed Products Corporation.



Up to the Minute Merchandising and Manufacturing Methods Enable Certain-teed to give Extra Value in All its Products.

# Saves \$18,000 per year on labor alone

Morse Silent Chain Drives helped to make it pay Certain-teed Products Corporation to change from steam to electric drive. This is their report:

"Two years ago we installed our first Morse Silent Chain Drive. This is a 20 H.P. chain. Its operation is continuous except for 3 one-hour periods a day, when the mill is charged.

"Since then we have installed one 100 H.P. and two 75 H.P. chains. A month ago a 50 H.P. Morse went in and we are now installing a 250 H.P.

"Savings are made particularly in boiler, flue, and grate maintenance, power, oil and labor. The saving in labor alone amounts to over \$18,000 a year."

See our Exhibit, Space 263 and one-half 262, Fifth National Exposition of Power and Mechanical Engineering, Grand Central Palace, New York, December 6 to 11.

**MORSE CHAIN CO., ITHACA, N. Y., U. S. A.**  
Branches in Principal Cities

**MORSE**



**DRIVES**



# TAMPA

Florida's  
Greatest City

A  
Great  
World Port

The amazing increase of Tampa's foreign commerce during the past five years is an indication of its growth.

THE economical advantages of Tampa's position as a world port are rapidly becoming recognized. This is indicated by an increasing annual port business which reached a \$100,000,000 volume in 1925. For the first six months of 1926 it reached \$83,000,000.

Tampa is a regular port of call for seventeen foreign and coastwise steamship lines. It ships more phosphate than any other port in the world. Docks are equipped with efficient labor-saving devices and a mild climate permits all year operations.

There is opportunity in Tampa for shipping and general business, manufacturing and distributing, and what is no less important, exceptional health, recreation and consequent fullness of life. It is the center of the Nation's winter playground—Southern Florida—a region blessed with a wealth of basic resources and great consuming markets.

## Key City to America's New Trade Territory

A comprehensive survey of Tampa and Southern Florida will be prepared for interested executives upon request. It will be based solely upon specific up-to-date data, presented from the standpoint of your needs. Please make your request for this survey on your business stationery.

Industrial Bureau

TAMPA BOARD OF TRADE

# TAMPA

Florida's Greatest City

Listen in on WDAB—Tampa, Sunday evening between 9 and 10 o'clock (Eastern Standard Time) and enjoy an entertaining program.

## The McDougal T-Square Putter

An Ideal Christmas Gift

YOU can make no finer gift to friends, clients and faithful employees—because there is no better putter made. The patented McDOUGAL T Square Putter will be appreciated by golfers of any caliber.

For sale by  
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## Reviews of Recent Business Books

**Employee Stock Ownership in the United States**, by Robert F. Foerster and Alse H. Dietel. Industrial Relations Section, Princeton University, Princeton, N. J., 1926. \$1.50.

Employee stock ownership, in its best form, promotes a better spirit of work. When an employee knows that he has a share in the property, he takes better care of it which benefits the other, perhaps majority, stockholders as well as himself.

The principle that few should own and the many serve has often been considered an unstable principle tending to subvert the social state. A remedy for this top-heaviness is obviously to allow the many to participate in general ownership.

The opponents of popular ownership of industry claim that if the stockholders include employees of small means the efficiency of the management will decline. The employees, however, are interested in the welfare of the corporation and are acquainted with it more than any body of absentee owners could be. "The force that would conserve the property and the force that would direct its use proceed from a source that is at once in a position to have knowledge and to use this knowledge wisely. Employees are likely in the case of many corporations to constitute a more intelligent and devoted body of stockholders than a large part of those persons who have acquired stock through the ordinary channels of investment."

Stock ownership certainly tends to free the wage earner from dependence on current wages. Having two sources of income, he will have a steadier income which in turn will tend toward more stabilized industry.

The greatest objection to employee stock ownership is that it leaves the workman depending on the same company for both investment income and wages. In the case of small or unstable companies this putting all one's eggs in the same basket may be a serious disadvantage.

Many reasons are given by companies for offering stock to their employees. Among them are: To have the employee acquire an interest in the business; to have employees share in the earnings of the business; to encourage saving among employees. Employee stock ownership tends to decrease the labor turnover and several companies offer bonuses to employees who keep their stock a certain length of time and also stay in the service of the company.

Stock is offered at the market price or at par by different companies. The instalment plan of buying the stock is the more popular though some companies accept cash.

The employee has an advantage over an outside purchaser by many plans. The stock is offered usually at a favorable price or special bonuses are allowed or the employee has the privilege of cancelling his agreement and recovering his uncompleted payments.

"To the extent that the employee is an investor in a company's voting stock, he naturally receives the right to vote." To regard a holding of only ten per cent of the voting stock as merely an evidence of a tie to the company would certainly be mistaken. Such a holding cannot be ignored because of the great importance of employee morale.

The director and assistant director of the Industrial Relations Section of Princeton University have given in this book an unbiased study of employee stock ownership. It does not hold up any one plan for censure or praise but explains the most common systems in use. Summaries of the plans of many companies are given as an appendix.

**The Story of Steel**, by J. Bernard Walker. Harper & Brothers, New York, N. Y., 1926. \$4.00.

In this, the "age of steel," a readable book on the steel industry is particularly interesting. The editor emeritus of *The Scientific American*

wrote the story of steel originally for *The Scientific American*. This was reprinted and used as a textbook in some schools. The present work is written with an eye on the extensive advance of the industry in the last twenty years.

In collecting material for this book the author traveled through the mines of the Missabe range, from there via ore trains and ore boats to the steel works around Lake Erie.

An idea of the enormity of the mines at the Missabe Range may be had by noting that in removing the dirt to expose the ore, about one and one-half times as much material was removed as was removed in excavating for the Panama Canal.

In order to keep the steady stream of ore boats going from Duluth to the furnaces, rapid loading and unloading have been developed. Twelve thousand tons of ore have been loaded by gravity into a boat at Duluth in 16½ minutes. Some unloaders at the other end of the journey pick up 17 tons of ore at one grab.

Many advances have been made in efficiency about the furnaces. Gases that once issued from the top of furnaces are now used to run engines, furnish more heat and various other odd jobs about the plants.

Hot air forced through molten iron burns out carbon and impurities and even boils the iron. After this the proper amounts of manganese, carbon, and silicon are added to the pure iron to form steel. Giant rolls press the steel ingots into rails, rods, wire, or sheets.

There has been a campaign of safety to protect the workmen from the giant machines with which they work. The orderly array of boxed-in machines and shielded gears in the plants and also outside welfare work among the employees show that the big steel corporations are not inanimate machines that exploit the worker with no humanitarian regard and that encourage daily risking of lives for a few cents' economy on the income statement.

**Chemistry in the World's Work**, by Harrison E. Howe. D. Van Nostrand Company, New York, N. Y., 1926. \$3.

"We are inclined to smile at the worries of those early Englishmen who anxiously regarded the disappearance of the yew tree, because it was considered the only satisfactory source of wood for long bows and without long bows England might be defenseless." Since their days science has grown incredibly. Nevertheless, the world explored by Marco Polo or Christopher Columbus was small as compared with the scientific field now open for exploration by chemists.

Chemistry is vital to modern progress. It is used to gas the enemy in war, to gas colds in disagreeable weather, and to gas citrus trees. Chemistry is closely joined to agriculture. Chemical means fix nitrates which may be used for high-powered explosives for the soldier or for rich fertilizer for the farmer.

Chemistry has already partly freed us from the foreign silk monopoly and will probably produce substitute fuel for internal combustion engines long before the supply of petroleum is exhausted. For several years the petroleum has been "cracked" to provide more usable fuel per barrel of crude oil.

These are only a few of the factors of modern civilization governed by chemistry of which Mr. Howe has told in his book. Altogether, it is a very entertaining, illustrated book, told to be understood by those not technically trained.

**Population Problems in the United States and Canada**, edited by Louis I. Dublin. Houghton Mifflin Company, Boston and New York. 1926. \$4.

The unparalleled growth in population, the intermixture of races, and the curtailment of immigration make of America an interesting place for population study. The American Statisti-



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AS an executive, you know that there is no such thing as knowing too much about your business. You also know the part that time plays; that information varies in value according to the time you get it. When do you get complete detailed information of yesterday's activities?

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cal Association at its annual meeting in 1924 devoted its entire attention to the problems of population. This book is an outgrowth of that symposium, through the Pollak Foundation for Economic Research.

The editor, attempting to present all sides of the question, has brought together those scientific men whom he considers qualified to write on the different phases of this complex subject.

Louis I. Dublin, the editor of this book and Statistician of the Metropolitan Life Insurance Company, has written the introduction. Articles by other authoritative speakers treat various subjects of the population problem. Among these are: Population and Natural Resources by five writers including two professors of economics; Population and Immigration by five writers including Ales Hrdlicka, Curator of the Division of Physical Anthropology, United States National Museum, who writes on the effects of immigration on the American Type; Population and Labor Supply; and the Outlook for the Future.

**Foreign Exchange Accounting**, by Christian Djorup, Prentice-Hall, Inc. \$10.00.

A compendious but simple and well illustrated volume on the most difficult branch of bank accounting—itsself the least developed of accounting fields. A valuable and practical work for the student, banker or interested layman.

### RECENT BOOKS RECEIVED

**American Pork Production in the World War**, by Frank M. Surface. A. W. Shaw Company, Chicago and New York, 1926.

**Business Management**, by Percival White. Henry Holt and Company, New York, N. Y., 1926. \$4.

**The Cattle Industry and the Tariff**, by Lynn Ramsey Edminster. The Macmillan Company, New York, 1926. \$2.50.

**The Consumers' Cooperative Movement in Illinois**, by Colston Estey Warne. University of Chicago Press, Chicago, Illinois, 1926. \$3.50.

**The Einstein Delusion and Other Essays**, by L. A. Redman. A. M. Robertson, San Francisco, Calif., 1926. \$2.50.

**The Financial Policy of Corporations**. (Revised Edition), by Arthur Stone Dewing. The Ronald Press Company, New York, N. Y., 1926. \$10.

**Industrial Safety Organization**, by Lewis A. DeBlois. McGraw-Hill Book Company, New York, N. Y., 1926. \$4.

**Land Planning in the United States for City, State and Nation**, by Harlean James. The Macmillan Company, New York, N. Y., 1926. \$5.

**Machinery and Labor**, by George E. Barnett. Harvard University Press, Cambridge, Mass., 1926. \$2.

**The Mathematics of Business**, by William V. Lovitt and Henry F. Holtzclaw. D. Appleton and Company, New York, N. Y., 1926. \$3.

**Money and Credit**, by James Dysart Magee. F. S. Crofts & Company, New York, N. Y., 1926. 3.50.

**Profit-Sharing and Stock Ownership for Employees**, by Gorton James, Henry S. Dennison, Edwin F. Gay, Henry P. Kendall, and Arthur W. Burritt. Harper & Brothers, New York, N. Y., 1926. \$4.

**Publicity**, by Roger William Riis and Charles W. Bonner, Jr. J. H. Sears and Company, New York, 1926. \$2.

**Transport Aviation**, by Archibald Black. Simmons-Boardman Publishing Company, New York, N. Y., 1926. \$3.



## The lowest "dotted-line" rate in Chicago

The "dotted line" symbolizes the sale. The advertising rate that counts is the one you pay to get customers "on the dotted line"—to come to the counter and ask for your goods. In Chicago there is a striking preference for one newspaper, by those advertisers who check results most carefully.

If you have goods to sell in Chicago take a tip from those who have found out how it is done.

For no one is forced to exact greater requirements from advertising than Chicago's department stores.

In the "Loop's" department stores alone is done an annual business of \$275,000,000—with departments selling almost every kind of merchandise—the greatest retail market in the world. To newspaper advertising falls a large share of the staggering responsibility of maintaining this volume.

Customers "on the dotted line" is the challenge! An advertising problem of tremendous importance—but easily solved.

Of six newspapers published in Chicago, The Daily News carries more department store advertising by far than any other paper.

In fact, of *all space* used in Chicago papers by department stores, The Daily News carries nearly 40%. It is, moreover, the outstanding paper in America in the extent to which it is used by department stores. Outlying stores use over a million and one-half lines of Daily News space in a year—more advertising than they use in all other Chicago daily papers combined.

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Their problems are yours—whether you sell to men or women—be your product automobiles, toilet soaps, shoes, or what not. In following their judgment you subscribe to a policy rooted in the daily record of cash receipts.

For The Daily News is a Chicago newspaper for Chicagoans.

94% of its 400,000 circulation is distributed within Chicago and its suburbs—the area of the rich Chicago market.

The lowest "dotted-line rate" in Chicago! More sales per line of advertising! More sales and larger profits through The Chicago Daily News!



To sell goods in Chicago, there is certain information you must have to get a true picture of the newspaper situation. We have prepared a brochure, "The Dotted Line," which gives significant and up-to-date facts concerning the Chicago market and the volume of business carried in Chicago papers. A copy will be mailed free to business or advertising executives who write for it on their business stationery. Address The Daily News, 15 No. Wells St., Chicago, Ill.

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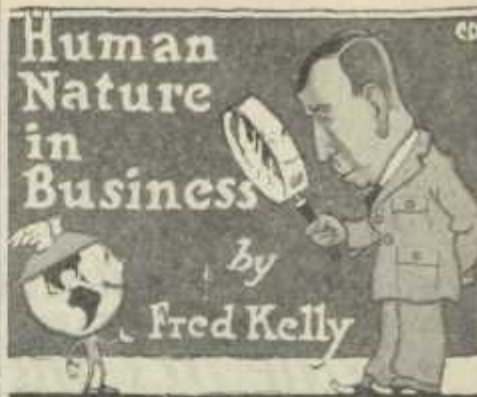
1. Group Efforts by Merchants for Promoting Trade.
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CHAMBER OF COMMERCE OF THE UNITED STATES  
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I HAVE just been to lunch with the general manager of one of the biggest department stores in the United States, and our talk turned to O. Henry's stories about underpaid shopgirls.

"If O. Henry were writing today," said the department store man, "and used that theme, he would make a fool of himself. We have any number of young women who come to work in their own cars—bought, understand, out of their own earnings. A salary of \$15,000 for a clever woman is today not uncommon. Plenty of sales girls can earn at least \$40 a week."

I ASKED him about the most noticeable changes in department-store methods within recent years.

"Probably the most interesting thing," he said, "is the influx of former school teachers and college trained women into our selling forces. Sales girls make so much more money than school teachers do that teachers are deserting educational work to take jobs behind counters."

"ANOTHER thing we have learned by trial-and-error method," he said, "is that it pays to have pretty girls operating elevators. I don't know why this is true. Presumably it is because in an elevator a



customer is compelled to look at the operator and, if she is homely, she helps to create an atmosphere of gloom for the store."

"I CHANCED to discover," the same man told me, "that the most successful saleswomen in departments handling kitchen ware and household goods were of two classes—those who for some reason beyond their own control have never been married, and those whose marriages have not turned out happily. In either group, the women crave a home of their own and get their compensation by selling goods to create comfortable homes for others."

"STRANGE things sometimes bring about styles," the proprietor of a Fifth Avenue establishment told me. "For a year or two an artist in Paris has been painting pictures that have caught people's fancy. Nearly every picture he does has a certain shade of red. Hence that red became popu-



lar in Paris in fashionable women's hats or gowns. Today you will find the same shade of red in almost any store in the United States."

SOME time ago I mentioned in this column that a salesman would rather have a man's wife along when he sells the man a suit of clothes, because he knows that the suit will stay sold. The man won't go home and have his selection overruled by his wife. I have had several letters from salesmen confirming the statement. But each letter adds something like this:

"At the same time, even if it is better business, we always have great contempt for a man who brings his wife along when he buys a suit. By the time a man is old



enough to have a wife, he should be old enough to do his own thinking about his clothes. When he brings his wife it is because he has never outgrown having his mother along to look after him and prevent him from making a fool of himself."

OTTO KAHN tells in his book, "Of Many Things," about a successful Wall Street speculator who accounted for his large fortune by the fact that he had always tried to be accommodating—had always done what the public seemed to wish him to do.

"When men became disgusted with stocks they held," he said, "and were eager to find buyers for them, I bought them. On the other hand, when the public was willing to pay absurdly high prices for stocks and clamored for them, I sold them mine."

A MAN who operated one of the first motion picture theaters in a western city tells me that he used to hire women at so much an hour to attend his shows—just as respectable-looking women are often hired to sit in a sight-seeing bus, to attract a crowd. Movies were so poorly thought of at first that he aimed to make character for them by always having women among the spectators.

A YEAR ago last fall, I stopped at a little country store to buy an axe—for getting in my winter firewood.

"I haven't an axe in the place," the proprietor said; "haven't had a call for one in several months."

Of course he hadn't. The axe season was just starting.

AN INSURANCE company recently made a quiet investigation of the kind of investments bequeathed to the estates of sixty-four wealthy men who died within the last two years in a certain large industrial city. The purpose of the investigation was to find out how much insurance a man should carry to cover costs of administering his estate. But far more interesting were other facts learned incidentally. For example, one notes that the favorite form of wealth for the Very Rich is not bonds or real estate but stocks. Of the sixty-four estates investi-



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gated, averaging nearly \$300,000, twenty-nine had no bonds whatever, and fifteen had no real estate, but only four had no stocks and two of these were estates of women.

A rather surprising discovery was that all estates worth more than \$80,000 settled in probate court within a year or two, fell into two groups as to value. One group was made up of estates ranging from \$80,000 to \$250,000. The other group included estates from \$400,000 to \$1,500,000. In other words, there were no estates worth more than \$250,000 but less than \$400,000. Just why a rich man becomes worth nearly half a million as soon as he passes a quarter of a million is a puzzle that I wish some thoughtful reader would explain. Probably it's because the first quarter million is the hardest.

**NONE** of the estates under investigation had more than 4 per cent of its property in cash. Rich men seldom have much cash because their money is always invested where it will increase.

**FOR** some time I have been wondering why it is that a favorite cafeteria shows its dessert dishes first. As you start around the long counter, tray in hand, destined to end up in front of a cash register, the first



three or four yards are devoted to desserts. After that one comes to soups, entrees and the rest of the meal, in proper order. Why, I kept asking myself, should one buy dessert first when dessert is not eaten first? Why not have the dessert display just ahead of the cashier's table?

Finally I hunted up the proprietor of one of the cafeterias where I have been trading and frankly asked him for his secret.

"We show desserts first simply because we found by actual tests and experience that we sell twice as many that way," he smilingly confessed. "If a customer approaches dessert dishes, at the far end of the counter, after loading his tray down with, say roast beef, potatoes, macaroni, and two or three side dishes, he may decide that he has enough food already, and should not add dessert. Even if inclined to change his mind and have dessert in place of something else, it is now too late to make such a swap. But when he first comes in, he is hungry and desserts look good to him. We even make more money from the fact that he can't decide quickly which dessert he wants and compromises by buying two or three different kinds. But no matter how many desserts he has, he will nevertheless still buy his usual number of more substantial items. At least, he won't omit other dishes entirely, whereas if he waits until the last to pick out his dessert, he may not buy any at all."

**THEN** this same cafeteria proprietor went on to tell me how it had been found advantageous to have trays for customers' use 3 inches longer than they used to be.

"Naturally," he explained, "nobody is going to buy any more food than one tray will



4

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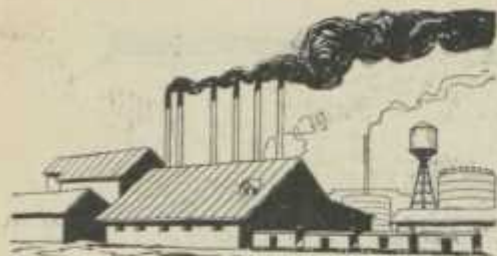


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The permanent population of Lakeland, Florida, is increasing so rapidly that local demand is way ahead of local supply. Foodstuffs, building materials, furniture, household supplies of all kinds, office equipment, machinery, automobile assembling plants, local distributing plants—these and many more are needed right now and will be needed in an ever-increasing volume.

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### Is the Business Man Interested in Family Finance?

#### We Are Told, "Not Much"

Well, then, "Discretion is the better part of valor." Women are going into home budgets. Those who have tried it find that the family budget eliminates a lot of unprofitable expenditures, builds up savings and tends to smooth down the wrinkles of care.

You are interested in the protection of your family, the education of your children and assuring old age independence for yourself and wife. All these can be worked out better through using the Family Budget.

Some day your wife will ask you about it. Are you posted? If not, look it up. The John Hancock Home Budget Sheet will give you a lot of new ideas. Please send 2 cents for postage.

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hold. That is, he won't make a second trip. And people who eat in self-serve places are inclined to buy more different dishes than if they ordered from a menu—for the simple reason that good food in plain sight looks more appetizing than mere names of the same food on a card. All this being true, it is foolish not to give a customer all the tray space he is willing to cover with our tempting dishes."

"WE HAVE a new situation now," a New York automobile dealer tells me. "People are actually beginning to pay a premium for certain makes of used automobiles, several years old, particularly those



of European design that cost a fortune when new. The explanation is that folks like to drive up in front of a fashionable cafe and have the footman or bystanders think:

"They've evidently had their money a long time."

A MANUFACTURER who employs a big night force of industrial workers tells me that his night men accomplish within 10 per cent as much and seem to be nearly as intelligent a group as his day workers. This wasn't true ten or fifteen years ago, he says. At that time night workers were more likely to be men who couldn't get day jobs and were nearly 40 per cent behind day workers in producing capacity. Likewise, they were noticeably less intelligent.

"What," I asked, "has brought about the change?"

"An important reason," the manufacturer replied, "is the great improvement in lighting. A good factory is now so well lighted that it makes no difference at all to a man's efficiency whether he works by natural or artificial light. Indeed, electric light is often better because placed exactly where needed. In the old days, it wasn't only a question of inability to work by a poor light. The worker used poor lighting as an excuse to do less than he could have done.

"Most men would rather work in daytime and have their nights free. But even that has been modified by modern conditions. More and more workers today would just as soon be employed at night—because there are more amusements in daytime than ever before. One can go to good moving pictures or vaudeville shows all afternoon. Even dance halls operate in daytime. And if he owns an automobile, as he probably does, he would rather be free to drive it in daytime."

ALEXANDER GRAHAM BELL once told me that if he had been a trained electrical engineer, he would never have invented the telephone. The whole mechanism of a phone is so simple that a more experienced man would have said:

"No use to try that. It's so obvious that if it would work, somebody would have done it long ago."

I imagine that much the same thing happens in every line of business. Just last week a real estate man told me that he had



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wondered for years why an important corner in his town wasn't bought. The price seemed low enough, but nobody was interested in picking it up. Everybody thought there must be something wrong with it, or else somebody else would buy it. Finally this man decided to buy it. Then the spell was broken. Others, after hearing that the corner had changed hands, decided that there was nothing wrong with it after all. So many wanted it then that the price soon doubled.

**T**HERE'S just one thing that a man dislikes as much as a job too difficult for him, and that is a job too easy. An employer of several hundred men and women had a study made last year of employees' intelligence with relation to their jobs, as well as to the amount of hiring and firing that had been going on. From this study it appeared that the proportion of employees who became dissatisfied with too easy a job is almost exactly the same as those who wish to quit a job too hard. A man is happy only when working at his mental level.

## A Woman Observes—

By EDNA ROWE

**I**N A SMALL grocery in a little Canadian village, I found a couple of Americans ordering cheese omelets from a handwritten menu proffered them by the "tres sérieux" little French shopkeeper. On receiving the order, he passed solemnly into a cretonne-hung "cozy corner" where an electric grill and a diminutive ice chest made of the three-foot space an efficient kitchen. (Though in its ruffled rose and lilac frame, it more nearly resembled an old-time four-poster.) There he combined eggs with butter, and eggs and butter with cheese, with the intent fervor of a poet at work on a sonnet.

The Americans chanced to be of the facetious sort, and indulged in numerous thoughtless pleasantries behind his back. However, they consumed the omelets with obvious relish, and were about to depart when the little shopkeeper-chef stepped out from his draperies, and, becoming host, produced a bottle of wine and poured for each of them a generous glass.

"A waste of courtesy, Monsieur," I remonstrated, when they had gone. "They didn't deserve it. They were rude."

"Mais oui, Madame," he shrugged, "but that, it is a nothing. Me, I must make the celebration. It is today a day most speciale!"

"Wedding?" I ventured.

"Ah no. But—I have just now achieved the best—the very best—omelette I have ever made, Madame! Not too much of butter—not too soon the egg—not too long the cooking—Parfait!"

A sudden swerve in the road brought me face to face with a large highway sign, reading: "Danger! Montreal!" Beside it loomed a second sign depicting "Frontenac Ale." Promise or warning? I wondered. I took heed. And stepped on the gas!

Sanctity of the daily task is rather characteristic of the French workman. I once read of a gardener on a large estate near Paris where Clemenceau, at the height of his popularity, was visiting. Another guest advised the old workman, bent over his roses, of the great man's approach. But



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he kept at his pruning, not raising his eyes. "What? Aren't you interested in seeing the greatest statesman in France?"

"Me? A statesman? But why —?" grunted the other. "The only man I'd leave my work to see would have to be the greatest gardener in France."

"There's an old salmon fisher," they told me somewhere-along-the-St. Lawrence. "He's past eighty, and so shaky he can't walk without support. But say! When they finally get him set in that boat, and the action begins, he's as still as a cat watching a gold-fish bowl, and his arm as steady and sure as the cat's jump!"

## Statement of Ownership

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of *Nation's Business*, published monthly at Washington, D. C., for October, 1926.

CITY of Washington, District of Columbia, ss. Before me, a Notary Public in and for the State and county aforesaid, personally appeared, Merle Thorpe, having been duly sworn according to law, depose and say that he is the Editor of the *Nation's Business* and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411 Postal Laws and Regulations, printed on the reverse of this form, to wit:

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2. That the owner is: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

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Merle Thorpe, Editor.

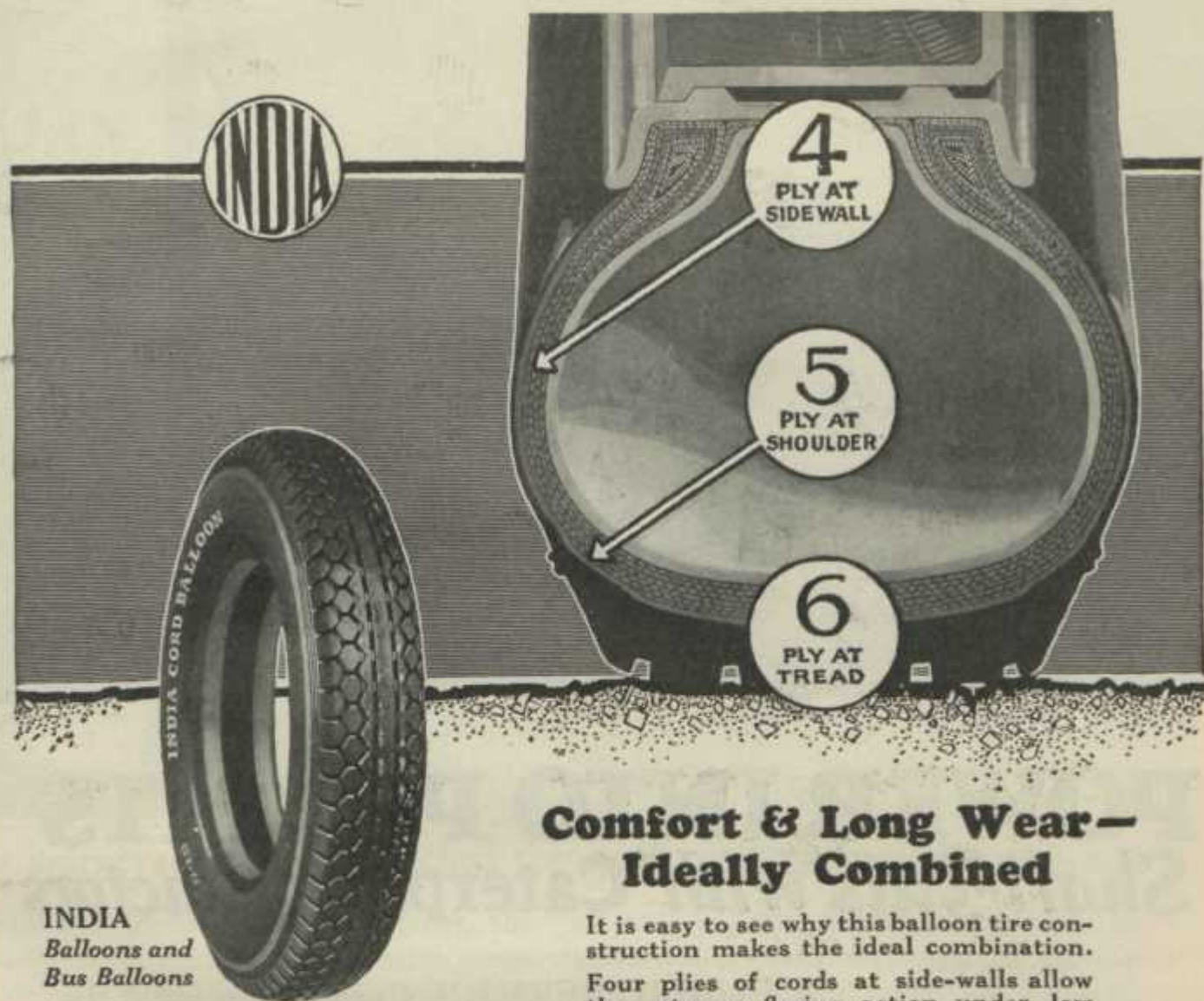
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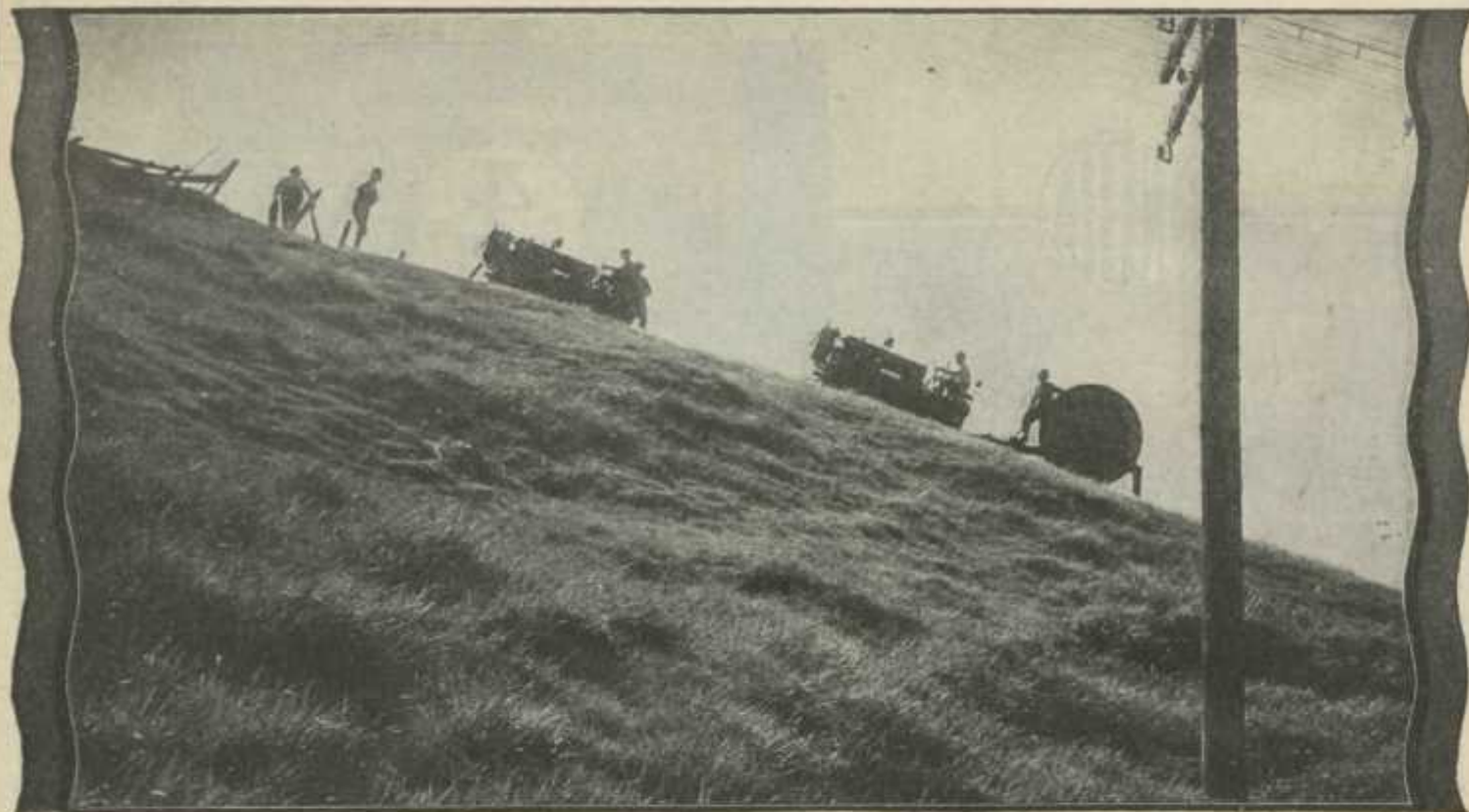
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